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The Commercial and

FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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OUR REPORTER'S REPORT

Bond traders with most of the investment firms currently are looking at things in a little more cheerful light these days.

That is especially true of those who have been feeling the pinch of inactivity on the part of insurance companies and other institutional investors who normally close down for a period before and after the turn of the year.

This week found institutions, chiefly insurance companies, returned to more or less normal routine and perhaps showing a bit of extra activity after their long sojourn away from the market.

Naturally a good part of this business, even though it is handled by Stock Exchange firms, did not find reflection on the tape, since it was carried through under Rule 14 which permits a member to go to the over-the-counter-market without first feeling out the floor market.

Dealers reported inquiry for good-sized blocks, particularly of railroad obligations. The bulk of such activity was understood to grow out of insurance portfolio men's ideas for "switching."

Having had ample opportunity to study their holdings these experts are now engaged in seeking to lift the quality of the over-all holdings without, however, putting too much new money into purchases.

(Continued on page 277)

The Wrong Formula

By IRWIN R. HARRIS

[EDITOR'S NOTE: Mr. Harris is associated with Scherck, Richter Company of St. Louis, Mo. and is Chairman of the Public Relations and Educational Committee of the National Security Traders Association, Inc.]

Foreword

Any regulation which tends, even unintentionally, to restrict the free flow of capital or to restrain the purchase of, or cast a stigma on, any class of corporate security is injurious to the national economy and should be rescinded or corrected without delay.

Regulation T of the Federal Reserve Board prohibits a broker or dealer from extending credit on unlisted securities (except exempted securities) to a customer. It is highly discriminatory because it does not curb marginal purchase of listed or exempted securities or any commodity, or real estate. In other words, it rules that one may speculate but only in the media which it selects.

Purpose

Regulation T was conceived as a result of 1927-29 speculative excesses and was promulgated with the triple purpose of reducing speculative stock purchases; of maintaining a higher degree of liquidity among investment brokers themselves which, in turn, would be a protection to their customers and for the purpose of increasing the liquidity of the broker's borrowings from his bank. Apparently, the theory behind the regulation was that all listed issues are highly liquid simply because they are traded in an auction market, i.e. on a National Securities Exchange. Consequently, as a broker or dealer is prohibited from extending credit on unlisted securities to his customer, he has to confine his borrowings on unlisted stocks or bonds to his own holdings margined with his own capital. It is inconsequential that he can borrow on unlisted securities belonging to customers which have been hypothecated with him as **additional** collateral on margin accounts.

(Continued on page 276)

Special Editorial Material Featuring Savings and Loan Associations Starts on Page 274.

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

Mr. Roosevelt is one of the few men in Washington who doesn't believe the New Deal is over. The Democrats assume the Republicans will capture control of Congress in 1944 and elect the President. But when they mention this to Mr. Roosevelt he laughs heartily and tells them the party will be returned next year and will remain in power for 10 years. Just why he doesn't make it 12 years is not known; 10 years is the time he sets.

He seems to be so confident that the Democrats are wondering what, if anything, he has up his sleeves. It is accepted as a fact that he intends to run again and undoubtedly he is looking to his world program to carry him through. Men like Henry Wallace are convinced this is going to have an irresistible appeal but there are mighty few members of Congress who share his optimism. They assume the reaction is going to be the same as it was after the last war, worse if anything. More or less to keep the record straight and to kill off the issue which the New Dealers hope to make against them, the Republicans intend to go in more and more for some sort of an establishment of nations, some sort of an assembly, call it whatever you wish; something to which lame ducks and men with socially ambitious wives can be appointed and live in Europe. They figure this is about the best way out of the argument. They would like, of course, to get from under the isolationist label inasmuch as it is strictly a propaganda one, having no real meaning in fact.

You would think the present squabbling among the United Nations, particularly over North Africa, would chill the ardor of the world dreamers, but apparently it hasn't. They are saying, indeed, that this proves the need for a council, a league or something of the sort immediately. Just why it is assumed things will be different among statesmen if they are members of a league or a council will always be difficult for me to understand.

There was a terrible yearning that went up after the last war for the statesmen to get together and know one another. Up until this time, it was believed, a lot of friction between nations developed because their statesmen were far apart, because they didn't knock around enough with each other, learn the other fellow's ways, his ambitions, his vanities, etc. Mr. Hoover sought to do something about this yearning by

(Continued on page 274)

INDEX

Page
Bank and Insurance Stocks.........270
Business Man's Bookshelf..........280
Calendar of New Security Flotations.278
Investment Trusts 271
Municipal News and Notes.........272
Our Reporter On Governments......280
Our Reporter's Report..............265
Personnel Items 268
Railroad Securities 269
Real Estate Securities...............268
Securities Salesman's Corner.........277
Tomorrow's Markets—Walter Whyte Says 269
Uptown After 3........................276

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1936	7.00 " "
1937	18.00 " "
1938	4.00* " "
1939	8.00 " "
1940	7.25 " "
1941	10.25 " "
1942	13.50 " "

*Special cash working reserve of approximately $500,000 retained by operating company and still maintained.

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Higher metal prices (from which the Company received only partial benefit in 1942) plus generally improved conditions in Mexico indicate results in 1943 should be very satisfactory.

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R. Schlesinger Promoted

Robert L. Schlesinger, formerly associated with Edwin J. Schlesinger, has recently been promoted from second lieutenant to first lieutenant, U. S. Army.

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Traders Clubs Dinners Scheduled Feb. 2-4

The Bond Traders Club of Chicago will hold their annual Winter dinner on Feb. 2. The Bond Traders Club of Kansas City have announced theirs for Feb. 4.

In the past guests and members attending the Chicago dinner have often gone on to the dinner in Kansas City.

Baker Named Pres. Of Govt. Dealer Group

James S. Baker of Harriman Ripley & Co., Incorporated, New York City, has been elected President of the Government Security Dealer Group to succeed Dominic W. Rich of D. W. Rich & Co., Inc.

Unfair Practices In Securities Business Materially Eliminated, NASD Reports

Results of a program of self-regulation in the securities business were discussed at the annual meeting in Chicago of the Board of Governors of the National Association of Securities Dealers, Inc. with Wallace H. Fulton, Executive Director, reporting that during the past two years the NASD has by education and disciplinary actions materially eliminated unfair practices in the business.

Wallace H. Fulton

Mr. Fulton reported that 5[illegible] members of the Association were expelled in 1941-42 for violations of the Rules of Fair Practice, principally on charges of unfair prices and the sale of securities at prices not reasonably related to prevailing markets. In addition, 65 firms, he reported, were fined up to $2,000 and 15 were suspended for varying periods.

He pointed out that complaints had to be filed against only 5% of Association members in the two years.

"The effective work of the Association in the last two years and its intention to pursue aggressive enforcement of its rules in the future demonstrate that the securities business intends to regulate its own ethical practices in the interests of the industry and for the protection of investors," Mr. Fulton said. "Those who engage in unfair practices are small in number considering the size of the Association but even so we will not relax in our vigilance."

As a part of plans for this year, he disclosed that the 2,300 members would again be examined by the Association with particular reference to their pricing policies. During 1941-42 the Association examined over 2,500 members, the most extensive program of its kind ever undertaken.

Membership statistics reviewed at the meeting disclosed the extent of mortality in the securities business resulting from the war. Mr. Fulton said that the Association had 2,281 members at the end of 1942, a drop of 20% during the year. Over 25% of the decline resulted, he said, from entry of members into military service while a large proportion of the balance of the decline was directly traceable to effects of the war upon members' personnel, causing mergers and other changes in make-up of the membership.

Mr. Fulton outlined the part the securities industry has played in war financing and the cooperation of all branches during the year in attacking problems of the industry due to the war. He said that there were opportunities for closer cooperation with the Securities and Exchange Commission toward a solution of these problems and recalled that Chairman Ganson Purcell of the SEC last summer initiated action of this kind on many specific subjects. The year 1943 should see more such combined attacks on mutual problems, Mr. Fulton said.

He called for constant attention to problems which the industry and the SEC will face in the post-war period. He recalled that the SEC had disapproved an NASD proposal to establish minimum capital requirements for members of the Association and instead that the SEC had promulgated a rule along these lines but which failed to set up minimum standards. It is still the belief of NASD, Mr. Fulton said, that such minimum standards are desirable in the public interest and for protection of investors.

Financial responsibility, he said, was essential to protection of investors in combination with observance by brokers and dealers of high standards of professional ethics. This would be especially desirable if, when the war is won, there were to be a large migration of people into the securities business.

NSTA Council To Meet In Chicago Feb. 3rd

The winter meeting of the National Committeemen and members of the Executive Council of the National Security Traders Association, Inc., will be held in Chicago on Wednesday, Feb. 3. The meeting will be presided over by William Perry Brown, President.

Wm. Perry Brown

The association represents over 2,000 members throughout the United States with affiliated groups in 21 major cities; over 1,000 financial firms are represented in the association roster. The meeting is one of great importance to the industry and will be held without any social attractions.

James In Sacramento

(Special to The Financial Chronicle)

SACRAMENTO, CALIF.—William D. James has formed William D. James & Co. with offices in the Western States Life Insurance Building, to engage in a general securities business. Mr. James for many years has been associated with Dean Witter & Co.

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Hornblower & Weeks Will Admit Three

Hornblower & Weeks, 40 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges, will admit to partnership as of Feb. 1st, Howard E. Buhse, George L. Morris and James J. Watson. Mr. Watson will be a member of the New York Stock Exchange, acquiring the membership of the late W. David Owen.

Mr. Morris has been with the firm for some years as manager of their Philadelphia office. Mr. Buhse has been with Hornblower & Weeks in Chicago for many years and has been in charge of the investment department in that office.

David Callaway V.-P. Of First Of Michigan

First of Michigan Corporation announces the appointment of David H. Callaway as assistant vice president in their New York office, 65 Broadway, New York City. Mr. Callaway has been associated with the firm for a number of years; in the past he was with Halsey, Stuart & Co.

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Jos. Martin Partner In Goodbody & Co.

Joseph A. Martin, Jr. has today been admitted to partnership in Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. Mr. Martin has been with the firm for some time in charge of the order department. He will act as alternate on the floor of the Exchange for H. Van Brunt McKeever.

W. J. Hoysradt Joins F. S. Moseley & Co.

Warren J. Hoysradt, formerly Vice-President and director of the First of Michigan Corporation, has become associated with F. S. Moseley & Co., 14 Wall Street, New York City.

Mr. Hoysradt started in the investment business with the Guaranty Trust Company and later joined White, Weld & Co. In 1916 he opened the New York office of Stacy & Braun and in 1923 became Vice-President of The Detroit Company. He was the first president of The Municipal Bond Club of New York.

Northrop Looks Good

The current situation in Northrop Aircraft, Inc. offers attractive possibilities according to a memorandum just issued by Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange. Copies of this interesting memorandum may be had from Cohu & Torrey upon request.

DEALER BRIEFS

Albany, N. Y.

This is the day of the negotiated market. We find that firms and salesmen who intelligently present their offerings to well selected prospects are succeeding. Work seems to be the magic.—*George R. Cooley, Pres. George R. Cooley & Co., Inc.*

Cleveland, Ohio

We are finding a good demand for municipals and other tax free bonds of medium length maturity, with anything like a fair yield. The demand is particularly for yields slightly higher than is obtainable in prime securities. Demand for stocks of better grade companies with good dividend records has been excellent. Our difficulty has been to get sufficient volume of securities to sell in every instance. Our customers apparently are in a mood to buy both bonds and stocks. We only lack proper offerings to have good business.—*C. B. McDonald, McDonald-Coolidge & Co.*

Newark, N. J.

In New Jersey we find a good demand for local municipal bonds, especially those of the lesser known names which offer good yields. Exemption from Federal Income taxation continues to make such bonds particularly attractive, especially to private investors.

We also find a steadily expanding interest in investment trust shares, as most investors believe that experienced and full-time management can best cope with the new problems which arise constantly now-a-days.

Institutional interest in securities continues dull. — *Van Dyk MacBride, MacBride, Miller & Company.*

Oklahoma City, Okla.

Dealers and banks in Oklahoma have given most of their time in December to Government financing. We are delighted with the national success of this underwriting.

Our municipals are scarce, demanding very low yields. Refunding and new issues are very rare. —*Philip J. Rhoads, The First National Bank and Trust Company.*

Philadelphia, Pa.

The activity in the City of Philadelphia has been mainly concentrated in the City of Philadelphia Bond Refunding Plan of 1942, which has stimulated a great deal of interest in the municipal field. The proposed split-up of the United Gas Improvement Corporation has caused considerable activity in the public utility field. The U. G. I. properties are the first of the large public utility holding companies to be dissolved, and it is felt that this is but the start of the activity that will be generated throughout the country on the dissolution of the large utility holding companies.—*Yarnall & Co.*

Sales of Wellington Fund shares, of which we are the national distributor, have reached an all-time high in recent months. This seems to indicate an increasing widespread public acceptance of the management accomplishment and diversification that can be obtained in the well managed Mutual Funds.—*W. L. Morgan, Pres. W. L. Morgan & Co.*

Syracuse, N. Y.

Over the past several months we have developed a good following in railroad bonds, both of interest paying and reorganization issues. It is our feeling that the recent large call for tenders on the part of the Baltimore & Ohio, together with that of the Seaboard some weeks ago, sounds the keynote for large scale bond purchases by the railroads during 1943. Such a program should be very stimulating to market prices. — *Richard Shipman, Blair F. Claybaugh & Co.*

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Portland Electric Power 6s of 1950

The Portland Electric Power Income 6s of 1950 have consistently been one of the most actively traded bonds in the over-the-counter market, testifying to the substantial interest in and the potentialities of this issue.

On the basis of underlying earning power and asset value the bonds, currently available around 35, appear to have room for substantial appreciation.

The $16,250,600 outstanding bonds have paid no interest since Sept. 1, 1934, and as of Dec. 1, 1942, carry accrued interest of 52½%, making a total claim of the bondholders for interest and principal of over $24,500,000. The bonds constitute the only debt of Portland Electric Power Company with the exception of a small amount of current liabilities fully covered by cash on hand.

The Company owns all the outstanding Capital stocks of Portland General Electric Company and Portland Traction Company. These stocks were pledged under the Portland Electric Power Income bonds and were transferred to a nominee of the Trustee for the bonds in March, 1939, when accumulated Income Bond interest reached 30%.

A Plan of Reorganization has been filed with the Court and the S. E. C. by the Independent Trustees of the Portland Electric Power Company under which the Portland Electric Power Income bondholders would receive approximately 72% of the stocks of Portland General Electric and of Portland Traction Company while the Preferred stockholders of Portland Electric Power would receive the remaining 28% of the stocks plus other remaining assets of Portland Electric Power Company.

Analysts point out, however, that the Trustees' plan is based on

(Continued on page 279)

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Make Your Securities Pay Your Income Tax

An interesting circular has just been issued by Filer, Schmidt & Co., 30 Pine Street, New York City, describing how "put and call" contracts may be used by holders of securities to obtain additional funds which may be used to meet the increased tax burden. Copies of this circular, together with a booklet entitled "Information Please!" containing details about "put and call" options in question and answer form, may be had from Filer, Schmidt & Co. upon request.

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Doyle, O'Connor Names Casey, Casserly V.-P.s

CHICAGO, ILL.—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, announce that Fred J. Casey and Thomas D. Casserly, Jr., have been elected Vice-Presidents. Both men have been associated with the firm since its organization. Mr. Casey has been identified with the bond trading fraternity for twenty years and was Vice-President of the Bond Traders Club of Chicago in 1934. Mr. Casserly was formerly with Mackubin, Legg & Co., of Baltimore.

Miehls And Ritter Blair, Bonner V.-P.s.

CHICAGO, ILL.—Blair, Bonner & Company, 135 South La Salle Street, have announced the election of Mr. Don G. Miehls and Mr. Daniel J. Ritter as Vice-Presidents. Mr. Miehls has been manager of the municipal department since 1938 and Mr. Ritter has been a member of the sales department since the company was formed in 1935.

Clere With War Dept.

George P. Clere, Assistant Vice-President of Burr & Co., Inc., New York City, having been in the Street for over 20 years, has accepted a position for the duration as a senior administrative officer with the War Department, New York Ordnance District. He has been appointed a member of the Board of Award, of the New York District.

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REAL ESTATE SECURITIES

Markets Show Continued Uptrend

In going back over articles appearing in this column since September, 1942, under various headlines, a few of which are reproduced here, facts about many specific issues were digested. We believe it is a matter of interest to compare the present market of some of these issues with the market value at the time the issues were mentioned as examples in the various articles.

Some of the headlines you may recall were:

"Real Estate Bonds—A Neglected Security"

"An Inflation Hedge—Hotel Securities Show Strength"

"Insurance Companies' Investment"

"Intelligent Analysis By Investors"

"Reduction In Assessed Values Helpful To Many Properties"

"Increased Hotel Business"

"1942 Tax Law Favorable In Its Effect On Bondholders"

"Improved Realty Conditions React To Benefit Of Bondholders"

The interesting facts in relation to Real Estate Securities brought out in these articles have been, we believe, timely and have to some degree created a new born interest in sound real estate situations.

In discussing specific issues, attention was drawn to the current attractive yields and to enhancement in value possibilities. During the period, ten specific issues were discussed, seven office buildings and three hotel properties. Bid prices on the office buildings ranged from 11 to 60, averaging a bid of 40. The present bid prices range from 15½ to 62, averaging 44. At the time the articles appeared, the bid prices on the hotel properties were 23, 40 and 48; today they are 26, 45 and 56, respectively.

Intelligent analysis of real estate securities will present many situations in which it will be found that yields are very attractive and based upon facts and conditions, are considerably underpriced at present levels.

TRADING MARKETS IN
REAL ESTATE
SECURITIES
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Fred D. Blake Is Now With Cruttenden & Co.

CHICAGO, ILL.—Fred D. Blake, one of the best-known men in the Middle Western municipal bond field and the first president of the Municipal Bond Club of Chicago, has joined Cruttenden & Co., 209 South La Salle Street, members of the New York and Chicago Stock Exchanges, as head of the firm's municipal bond department, it is announced. Mr. Blake's bond career began with the Second Ward Bank in Milwaukee. He was associated with A. B. Leach & Co. here until 1932 and later with A. G. Becker & Co. Recently he has been with Farwell, Chapman & Co. in Chicago as Manager of their municipal department.

"Performance"—Market Study

Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, have just issued their annual study of market action and income entitled "Performance." Included in the study are 147 stocks with their performance record for the nine year period Dec. 31, 1933 to Dec. 31, 1942, inclusive. The study is divided into three main parts: stocks are first compared as to groups; the second part shows individual performance of each stock according to the average total gain; the third portion consists of comments and a brief analysis of the results of the study.

Copies of this interesting brochure, with memorandums on American Casualty Company, Firemen's Insurance Company of Newark, and New Amsterdam Casualty Company, may be had from Huff, Geyer & Hecht, Inc. upon request.

Cinti. Stock & Bond Club Elects Officers

CINCINNATI, OHIO—The Cincinnati Stock & Bond Club have elected the following officers for the year 1943:

Arch Montague

President—Arch Montague, W. E. Hutton & Co.

First Vice-President — George Phillips, W. D. Gradison & Co.

Second Vice-President — Edw. F. O'Connor, Pohl & Co.

Secretary—J. C. Siegman, Edw. Brockhous & Co.

Treasurer—Clair S. Hall, Clair S. Hall & Co.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Samuel Fink** has become associated with **Ira Haupt & Co.,** 111 Broadway. Mr. Fink was previously with Hirsch, Lilienthal & Co.

(Special to The Financial Chronicle)

BOSTON, MASS. — **George E. Haggerty** has joined the staff of **Paine, Webber, Jackson & Curtis,** 24 Federal Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Leon J. Biscornet,** formerly of R. H. Johnson & Co., and **Lewis A. Elliott,** previously with Stokes & Co., have joined the sales organization of **Sears Corporation,** 68 Devonshire Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Saul Albert Ackerman** has become associated with **G. Brashears & Co.,** 510 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Wiley V. Mills** is now with **Fewel, Marache & Co.,** 453 South Spring Street. Mr. Mills was formerly with Johnston Company, Inc., Empire Securities Corporation, and General Industries Corporation, Ltd.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Clarence S. Dyment,** previously with E. F. Hutton & Co., has become affiliated with **Dean Witter & Co.,** 634 South Spring Street.

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—**Leslie L. Watson** has rejoined the staff of **Beer & Company,** 817 Gravier Street. Mr. Watson was recently associated with Larz E. Jones, specializing in municipal and industrial securities.

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—**Moise L. Cahn,** formerly with Beer & Co. for many years, has become connected with **Steiner, Rouse & Co.,** Maritime Building.

(Special to The Financial Chronicle)

PORTLAND, ORE.—**James R. Haight** has been added to the staff of **Atkinson, Jones & Co.,** U. S. Bank Building.

(Special to The Financial Chronicle)

PORTLAND, ORE.—**Harry Leland Phillips** is with **Hess & Butchart,** American Bank Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**E. Gauthier, Jr.,** previously with Strassburger & Co., has become affiliated with **E. F. Hutton & Company,** 160 Montgomery Street.

Henry Riter 3d Elected Chairman Of NASD At Annual Meeting Of Board Of Governors

Henry G. Riter 3rd, senior partner of Riter & Co., New York City, was elected chairman of the National Association of Securities Dealers, Inc. at the annual meeting of the board of governors held in Chicago. Mr. Riter succeeds H. H. Dewar, of Dewar, Robertson & Pancoast, San Antonio, Tex.

Lawrence B. Woodard, Woodard-Elwood & Co., Minneapolis, and E. Warren Willard, Boettcher & Co., Denver, were named vice-chairmen. F. Edward Bosson, Putnam & Co., Hartford, Conn. was chosen chairman of the Finance Committee; James Parker Nolan, Folger, Nolan & Co., Washington, D. C. was elected treasurer, and Wallace H. Fulton, Philadelphia, was appointed executive director.

Retiring officers of the Association, in addition to Mr. Dewar, were: Lee M. Limbert, Blythe & Co., Inc., New York, vice chairman; William A. Fuller, William A. Fuller & Co., Chicago, chairman of the finance committee; Robert W. Baird, the Wisconsin Company, Milwaukee, treasurer.

The executive committee for 1943, in addition to the officers of the association, will be composed of Mr. Limbert, Hermann F. Clarke, Estabrook & Co., Boston, and Ralph Chapman, Farwell, Chapman & Co., Chicago. The finance committee will comprise Mr. Riter, Mr. Bosson, Mr. Nolan and Beardslee B. Merrill of Richards & Blum, Inc., Spokane.

Elected members of the national business conduct committee were Albert Theis Jr., Albert Theis & Sons, Inc., St. Louis, Chairman; William P. Smallwood, Smallwood & Co., Fort Worth; Ralph E. Phillips, Dean Witter & Co., Los Angeles; Clarence E. Unterberg, C. E. Unterberg & Co., New York City; Samuel K. Cunningham, S. K. Cunningham & Co., Inc., Pittsburgh; Edward Brockhaus, Edward Brockhaus & Co., Cincinnati; W. S. Gilbreath Jr., First of Michigan Corporation, Detroit.

The elections closed the two-day meeting of the Association, which discussed the expanding work of the securities industry in the government's war-financing program. Also under discussion was the future program of the Association in enforcement of its fair practice rules and aggressive enforcement of the NASD rules was determined upon for the coming year with the approval of plans for an annual examination of business practices of the members of the Association.

James Buck To Manage Daniel F. Rice Dept.

CHICAGO, ILL. — James R. Buck, well-known on La Salle Street since 1913 when he began his investment career with the Harris Trust & Savings Bank, has became associated with Halsey, Rice & Company of Chicago, 141 West Jackson Boulevard, members of the New York Stock Exchange, as Manager of the investment department, Joseph Rice announced. After leaving the Bank, Mr. Buck because associated with Halsey, Stuart & Company and later organized the investment department of A. G. Becker & Co. here. In 1924 he organized, with the late Charles W. Folds, Folds, Buck & Co. In 1940 he became Manager of the Chicago office of Otis & Co. and during the past year has been connected with this firm's buying department in Cleveland. Mr. Buck has been prominent in industrial and utility financing and in recent years served as Chairman of the board of the Republic Gas Corporation, the Federal Screw Works, Detroit and the Atlas Brewing Company, Chicago.

Mr. Buck's association with Daniel F. Rice & Company was previously reported in the Financial Chronicle of January 14.

Tomorrow's Markets Walter Whyte Says—

Market befuddlement evidenced by varying forecasts. Offerings overhead important and wait for basic changes rather than headline stories, to move ahead.

By *WALTER WHYTE*

As this week's column goes to press the market has accomplished three things. It has finally managed to poke its nose through the much publicized 120 Dow figure; it has hesitated and refused to go any further, and last but probably the most important, individual stocks among the leaders began showing a disturbing spottiness.

* * *

So far as the first is concerned, this column said last week that if the market showed an ability to rally through the 120 price on volume it could be expected to rally further.

Well, the penetration came but the volume, so important at this stage of the market cycle, failed to materialize. Instead of volume we had considerable of what I call "If" trading. This type of trading is characterized by a lot of talk accompanied by pencil demonstrations all calculated to show how much money can be made. The sum total, however is little actual trading.

* * *

It is true more new accounts were opened and stocks were bought here and there. But their total effect was a kind of a froth which soon simmered down as the heat died. The result brought about the second phase, a hesitation with some milling around but no actual forward progress.

This in turn brought on the third stage, or rather the third stage was already going on but drew little attention. One reason was the action of various groups which befogged the over-all picture.

If you will look back at the action of U. S. Steel for the past few days you will get an idea of what I mean. Steel was one of the stocks which had a clearly demonstrated resistance level at 50 that everybody knew about. Well, it finally managed to cross it. But coincidental with its crossing was the bullish talk about Steel's coming earnings, which everybody seemed to agree would be outstanding. Whether they will or not doesn't matter for the time being. The market has demonstrated time and again in the last few months that good news of a corporate nature, even outstanding news, means little to it. But from a psychological angle it was important for no sooner did the stock cross the 50 price than forecasts of 60 and 70 began going the rounds. Yet it was noticeable that in the face of these cheeful statements enough Steel offerings appeared to check any further advance.

* * *

Another stock in point was the bluest chip of them all, American Telephone. Here was a stock which was not only highly regarded but was recently pointed to as a bulwark, for it refused to go off on pessimistic dividend forecasts. But if anybody cared to pry he would have discovered that under cover of recent strength in other portions of the market, Telephone was slowly but persistently sold.

* * *

If these conditions were to crop out at the bottom of a long market cycle they would either be unimportant or even slightly bullish. But they are appearing in the face of a well recognized offering level. Unfortunately this level (120-130) while recognized by technicians as existing is considered secondary to a mythical line which the market crossed in moving above 120.

* * *

Now the contrariness of markets again comes to the fore. Just as they have showed a contempt for generally expected opinions in the past, so I think they will show an equal disdain for opinion at present. Right now the talk of a "minor correction" is generally accepted as perfectly proper. The extent of this correction is the only bone of contention. One says 110, another 100, and others something else. From where I'm sitting I say that if the market does not show any get up and go within the next week, neither the 110 or 100 figure will mean a thing.

* * *

I think instead the market will go into another period of dead staleness which will not only tire out a good many of the present day bulls but turn most of them from rampant bulls into disgruntled bears.

* * *

Of course there is news to

(Continued on page 276)

LAMBORN & CO.
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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The proposal of the Interstate Commerce Commission that arrangements might be made to segregate the revenues derived from increased passenger fares and freight rates granted early in 1942 is being hailed as potentially one of the most constructive developments ever injected into the railroad picture. For one thing, it appears to foreshadow rejection by the Interstate Commerce Commission of the recent demand by the OPA that these increases be cancelled on the grounds that they exerted an inflationary influence on the general price structure and that the railroads, now experiencing peak earnings, no longer need the additional revenues.

If the increases were segregated they would be earmarked for use solely for additions and betterments to properties or for debt reductions. Considering priorities and the scarcity of materials, it may almost be taken for granted that by far the bulk of such funds would go into debt retirement. This would augment the program of debt retirement that has become practically a fetish with the Commission. Moreover, such assurance that the moneys derived from the increases was to be entirely dedicated to improvement of the basic railroad position would presumably eliminate what outside support the OPA has for its demands for cancellation.

The implications of the segregation of the rate and fare increases would be tremendous. On the average, the freight rate increase amounted to approximately 4½% while passenger fares were increased a straight 10% with very few exceptions. It is estimated that on the volume of business done by the rails last year the increases would bring in some $450,000,000 additional gross on a 12-months' basis. How much they will mean in 1943 if the Commission refuses to grant any cancellations is an open guess as estimates of probable 1943 traffic and passenger travel vary widely. One thing does seem certain, however, and that is that the volume of business done by the carriers this year will be limited only by the capacity of the industry. On this basis it seems safe to assume that the increases now in effect will yield in excess of $500,000,000.

The importance of such a sum diverted largely to debt retirement is obvious when one considers that it would be equivalent to more than 5% of the total face value of all outstanding railroad debt. This includes serial equipment obligations which do not present any problem to the industry, the vast volume of defaulted debt which is selling for a small fraction of its face value, and the debt of the marginal roads selling generally at substantial discounts. The suggestion to segregate the increases is doubly important in its potential influence on prices for second-grade bonds. In the first place, the acquisition of bonds by the roads themselves, whether by open-market purchase or by invitations for tender, would be an important market factor; and in the second place, accelerated reduction of debt would bring a pronounced strengthening of credit positions.

The status of the reorganization roads under such a plan as that now being mentioned is not quite clear. It is hardly likely that any ruling of the Commission could discriminate for or against any particular group of companies so that the reorganization roads would presumably also have to segregate the portion of revenues in question. On the other hand, the reorganization roads are under the jurisdiction of the courts, and actual outlay of the money would be subject to court discretion. Nevertheless, it seems probable that the courts would

(Continued on page 270)

We maintain net trading markets in most of the medium-priced Rail Bonds, particularly obligations of

New York Central
Illinois Central
Lackawanna
Lehigh Valley
Southern Pacific, etc.

We are generally able to offer registered bonds of these roads at substantial concessions from current coupon bond market.

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(in reorganization)

Minn. & St. Louis New Com., W.I.
Minn. & St. Louis New 2nd 4s, W.I.
Minneapolis & St. Louis 6s 1932
Minneapolis & St. Louis 5s 1934
Minneapolis & St. Louis 4s 1949
Minneapolis & St. Louis 5s 1962
Iowa Central 5s 1938
Iowa Central 4s 1951
Des Moines & Fort Dodge 4s 1935

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AMERICAN MADE
MARKETS IN
CANADIAN
SECURITIES

CANADIAN STOCKS
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Algoma Steel Corp. com. & pfd.
Andian Nat'l Corp. Ltd.
Asbestos Corp. Ltd.
Bell Tel. Co. of Canada
Brown Company com. & pfd.
Bulolo Gold Dredging
Canadian Bank Stocks
Canadian Indus. A. B. & pfd.
Canadian Investment Fund
Canadian Pacific Railway
Crow's Nest Pass Coal Co., Ltd.
Distillers Seagrams Ltd.
Electrolux Corp.
Fanny Farmer Ltd.
Halifax Insurance Co.
Imperial Oil Ltd.
Kerr Addison Gold Mines, Ltd.
Lake Shore Mines
Loblaw Groceterias, Inc.
Minnesota & Ontario Pap. com.
Montreal Refrig. & Stor. Ltd.
Moore Corporation Ltd.
Noranda Mines Ltd.
Pend Orielle Mines
Shawinigan Water & Power Co.
Steel Co. of Canada Ltd.
Sun Life Assurance
Winnipeg Elec. com. & pfd.

CANADIAN BONDS
Abitibi Power & Paper 5s, 1953
Aldred Investment 4½s, 1967
Algoma Cent. Hud. Bay 5s, 1959
Brown Company 5s, 1959
Calgary Power 5s, 1960
Canada North'n Power 5s, 1953
Canadian Int'l Paper 6s, 1949
Canadian Pac. Ry. (var. issues)
Canadian Utilities 5s, 1955
Consol. Paper Co. 5½s, 1961
Dominion Gas & Elec. 6½s, '45
Gatineau Power 3¾s, 1969-B
Gatineau Power 5s, 1949
Internat'l Hydro Elec. 6s, 1944
Internat'l Pow. & P., N.F. 5s, '68
Minn. & Ontario Paper 5s, 1960
Mont. Lt. Ht. & Pr. 3½s, '56-73
Quebec Power 4s, 1962
Shawinigan Wtr. & Pow. 4s, '61

HART SMITH & CO.
52 WILLIAM ST., N. Y. HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—44; low—14¾; Jan. 20 price—42½.

We believe that our Study on
"THE CURRENT OUTLOOK for the SEABOARD AIR LINE"
is rather timely
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(L. A. Gibbs, Manager Trading Department)

Bank and Insurance Stocks

This Week—Insurance Stocks

The market price of fire insurance stocks ended 1942 fractionally lower than at 1941 year-end, as measured by Standard & Poor's weekly Index (18 stocks). On Dec. 31, 1941, this index was 105.9 and on Dec. 30, 1942, 105.4, a decline of 0.47%. As measured by Best's index (50 stocks) the decline was from 179.8 to 177.8, or 1.1%.

When, however, the record of individual stocks is examined a very wide difference in relative performance is found, as the appended tabulation of the stocks of thirty representative fire insurance companies shows.

	Asked Price		Per Cent
	Dec. 31, 1941	Dec. 31, 1942	Change
Fireman's Fund	*68.375	75.25	+10.1
Fidelity-Phenix	40.75	44.25	+ 8.6
Franklin Fire	26.375	28.625	+ 8.5
Home Insurance	27.25	29.375	+ 7.8
Great American Insurance	25.875	27.75	+ 7.2
Springfield Fire & Marine	117.50	124.50	+ 6.0
United States Fire	46.50	49.25	+ 5.9
Hanover Fire	23.50	24.625	+ 4.8
National Union	155	162	+ 4.5
Hartford Fire	90.75	93	+ 2.5
Providence-Washington	32.75	33.125	+ 1.1
North River Insurance	23.375	23.50	+ 0.5
American Equitable	17.50	17.50	0.0
Continental Insurance	42	42	0.0
New Hampshire	43	42.50	— 1.2
St. Paul Fire & Marine	273	268	— 1.8
Average	----	----	— 2.4
Phoenix Insurance	88.25	86	— 2.5
American Alliance	22.25	21.125	— 5.1
New Brunswick	32.50	30.375	— 6.5
Glens Falls	41.50	38.75	— 6.6
Security of New Haven	40.125	37.25	— 7.2
Insurance of North America	77.375	71.75	— 7.3
National Fire	61	56.25	— 7.8
Agricultural	77.50	69.50	—10.3
Northern Insurance	97.50	87.50	—10.3
Aetna Insurance	57.75	51.50	—10.8
Fire Association	62.50	54.25	—13.2
Boston Insurance	630	537	—14.8
Bankers & Shippers	87	71.75	—17.5
Pacific Fire	121.50	99	—18.5

*Adjusted for capitalization change.

REPORT OF CONDITION OF

THE MANUFACTURERS NATIONAL BANK
OF DETROIT
in the State of Michigan

At the close of business on December 31, 1942

ASSETS

Loans and discounts (including $8,566.78 overdrafts)	$33,556,440.65
U. S. Government obligations, direct and guaranteed	176,483,300.86
Obligations of States and political subdivisions	1,603,741.88
Other bonds, notes, and debentures	14,630,261.54
Corporate stocks (including $240,000.00 stock of Federal Reserve Bank)	339,500.00
Cash, balances with other banks, including reserve balance, and cash items in process of collection	112,435,106.69
Bank premises owned $246,955.67, furniture and fix. $1	246,956.67
Real Estate owned other than bank premises	58,809.16
Other assets	579,225.99
TOTAL ASSETS	$339,933,343.44

LIABILITIES

Demand deposits of individuals, partnerships, and corporations		$216,651,788.29
Time deposits of individuals, partnerships, and corporations		39,529,332.73
Deposits of United States Government		20,388,128.67
Deposits of States and political subdivisions		18,414,774.60
Deposits of banks		31,981,021.01
Other deposits (certified and cashier's checks, etc.)		2,278,406.21
TOTAL DEPOSITS	$329,243,451.51	
Other liabilities		618,596.58
TOTAL LIABILITIES		$329,862,048.09

CAPITAL ACCOUNTS

Capital stock, common, total par	$3,000,000.00
Surplus	5,000,000.00
Undivided profits	1,496,295.35
Reserves	575,000.00
TOTAL CAPITAL ACCOUNTS	10,071,295.35
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	$339,933,343.44

MEMORANDA

Pledged assets (and securities loaned) (book value):	
(a) U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities	$31,766,762.45
Secured liabilities:	
(a) Deposits secured by pledged assets pursuant to requirements of law	20,023,857.58

Offices
DEARBORN DETROIT HIGHLAND PARK
Penobscot Building
Member Federal Deposit Insurance Corporation

That fire insurance stocks should have shown a decline for the calendar year, on average, when the Dow Jones Industrial Average & Composite showed an appreciation of 7.6% and 7.3% respectively, hardly seems reasonable. Dividends in 1942 were well sustained, only four of the thirty companies above listed paid out less than in 1941, the aggregate reduction for the group approximating 2.8%. Industry in general has been estimated to have cut dividends some 10%.

Evidently the market was influenced by fears of the effect of submarine losses in the early months of the year, before this type of risk was taken over by the War Shipping Administration, and also by the effect of gasoline and tire rationing. If this is so, then some strange inconsistencies were shown, for the stock which went off most was that of a company which wrote no marine risks, while the company whose stock appreciated the most reported 28.0% of premium writings in ocean marine, the highest percentage in the group. Other evidences of this inconsistency are as follows: United States Fire: ocean marine 17.5%, stock up 5.9%; National Fire: ocean marine 1.9%, stock down 7.8%.

If we examine motor vehicle writings, we also find inconsistencies. For instance, Franklin with 38.7% in this classification shows a stock appreciation of 8.5%, while Boston with only 12.1% shows a stock loss of 14.8%, and Glens Falls with 18% shows a stock loss of 6.6%.

That there was perhaps an attempt on the part of the market to appraise the effect on fire insurance companies of the submarine danger and of gasoline and tire rationing seems possible, however. For when we take the total per cent of premium writings allocated to these two classes of risks by each company in 1941, and plot these values on a graph against the respective market action of each stock, a very rough correlation is disclosed.

The group of sixteen companies whose stocks performed better than the average of —2.4%, represented in the main those companies which had a higher percentage of their writings in fire, viz., an average of 53.0% compared with an average of 50.5% for the fourteen companies whose stocks performed below average. This also indicates a rough attempt on the part of the market to distinguish between favorable and unfavorable factors, for fire losses in 1942 were 2.33% lower than in 1941, being reported at $314,849,000, compared with $322,357,000 reported for the previous year. One of the encouraging things about fire losses is their definite downward trend over the past two decades, a condition that has been reflected in a year by year reduction of the average premium rate from $1.05 in 1921 to $0.65 in 1941.

In appraising the prospects of fire insurance stocks in 1943, a number of factors must be considered. The companies will not be subjected to heavy marine losses through enemy action, since this risk has been properly assumed by the Government; such normal marine risks as they may write are generally profitable. Motor vehicle writings will shrink in volume, but should prove more profitable than usual, since car owners today are exceptionally careful. Fire losses cannot be predicted, but greater vigilence is exercised by property owners when replacement is difficult and costs are rising, although this may be partially offset due to high pressure production and green employees. It is not improbable, therefore, that the loss ratio in 1943 may compare favorably with that of last year. Insurance companies are not liable for proven sabotage. As regards investment income, this may possibly be higher due to the augmented volume of funds available for investment, occasioned by the increasing premium writings and the large proportion of 1942 net earnings which were undistributed. Taxes will, of course, be higher.

All in all, however, the outlook is for a profitable year. Will the market respond?

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TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF
NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1941	£150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
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EGYPT and the SUDAN

Railroad Securities

(Continued from page 269)

see eye to eye with the Commission on such programs where the retirement of outstanding debt did not threaten the status of a reorganization plan that was already before the court. Considering the low price level of the general run of reorganization bonds, application of large sums to their retirement would be particularly efficacious.

There has been a question raised as to the legality of any ruling of the ICC along the lines proposed, with some objection being raised as to the usurping by the Commission of management functions. This should not prove a serious stumbling block, however. In the first place, the railroads would almost certainly be willing to follow a Commission "suggestion" along these lines. In the second place, it is notable that once before when temporary rate increases were granted the revenues therefrom were segregated with the RCC.

DIVIDEND NOTICES

Bayuk Cigars Inc.

A dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of this Corporation was declared payable March 15, 1943, to stockholders of record February 28, 1943.

Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
January 15, 1943

MAKERS OF PHILLIES

Boston, Mass., Jan. 14, 1943

At a regular meeting of the Board of Directors of **The First Boston Corporation** held on January 14, 1943, a dividend of $1.00 per share was declared on the capital stock of the Corporation payable January 30, 1943 to stockholders of record as of the close of business on January 23, 1943.

JOHN C. MONTGOMERY,
Vice President & Treasurer

NATIONAL DISTILLERS
PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on February 1, 1943, to stockholders of record on January 15, 1943. The transfer books will not close.

THOS. A. CLARK
December 24, 1942 TREASURER

SOUTHERN RAILWAY COMPANY
New York, December 22, 1942.

Dividends aggregating Three Dollars and Seventy-five cents ($3.75) per share on the preferred stock of Southern Railway Company have today been declared, payable One Dollar and Twenty-five cents ($1.25) March 15, 1943, to stockholders of record at the close of business February 15, 1943, One Dollar and Twenty-five cents ($1.25) June 15, 1943, to stockholders of record May 15, 1943, and One Dollar and twenty-five cents ($1.25) September 15, 1943, to stockholders of record August 14, 1943.

Cheques in payment of these dividends will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY,
Vice President and Secretary.

Memphis Municipal Men Form New Assn.

MEMPHIS, TENN. — Municipal dealers of Memphis have organized a new club, The Municipal Bond Club of Memphis, to promote closer cooperation between local dealers in securities. Elected President of the new dealers association was M. Ames Saunders, head of M. A. Saunders & Co., Inc.

Other officers of the club are W. Groom Leftwich of Leftwich & Ross, Vice-President; Joe H. Davis of the Bond Department, First National Bank, Secretary, and G. Gordon Meeks of Gordon Meeks & Company, Treasurer.

Representatives of 15 of 18 Memphis bond concerns attended the organization meeting at the University Club. By-laws and regulations were adopted. Regular meetings will be held each month.

Among firms participating in the organization of the club were Herman Bensdorf & Company; Bullington-Schas & Company, Bond Department, First National Bank, Gray-Schillinglaw & Company; Leftwich & Ross, Gordon Meeks & Company; Thomas Q. Galbreath; M. A. Saunders & Company; Standard Securities Company; L. K. Thompson & Company, and Bond Department, Union Planters National Bank & Trust Company.

Midland Debs. Situation May Soon Be Clarified

The Debenture 6s of Midland Utilities Co., which have been in default since 1934, offer an interesting situation in view of the fact that a plan of reorganization will shortly be filed which may act to increase the potential liquidating value of this issue, according to a circular issued by Cruttenden & Co., 209 South La Salle Street, Chicago, Ill., members of the New York and Chicago Stock Exchanges. Copies of this circular, summarizing recent developments on Midland Utilities, may be had upon request from Cruttenden & Co. together with a memorandum on the First Mortgage Income 5s of Chicago and West Towns Railways, Inc., which the company feels offer attractive possibilities both as a "war" and "peace" stock.

Current Developments Affecting RR Bond Values

Distributors Group, Incorporated, 63 Wall Street, New York City, have prepared a review captioned "A Talk on Current Developments Affecting Railroad Bond Values," which they would be glad to send to interested dealers upon request. They have also prepared a long-term chart of price versus interest coverage of railroad bonds brought up to date.

REPUBLIC OF CHILE

Notice to Holders of Dollar Bonds of the Republic of Chile, Mortgage Bank of Chile, Water Company of Valparaiso, City of Santiago, and Chilean Consolidated Municipal Loan

On and after February 1, 1943, in accordance with the provisions of Law No. 5580 of January 31, 1935 as regulated by Decree No. 1730 of May 17, 1938 and Decree No. 37 of January 4, 1936 of the Republic of Chile (which decrees are now consolidated into Decree No. 3837 of October 24, 1938) and decrees issued pursuant thereto, **holders of assented bonds of any of the above loans will be entitled to a payment at the rate of $16.80 per $1,000 bond against presentation and surrender for cancellation of the two stamped coupons corresponding to said payment as set forth in letter of transmittal.**

The above payment will be made only in respect of bonds and coupons which have been stamped with appropriate legends to indicate that they have assented to the provisions of the aforesaid Law and Decrees (hereinafter referred to as the "Plan").

In the case of bonds which have been so stamped on or after October 24, 1938, the presently announced payment will be made against presentation and surrender for cancellation of the two stamped coupons corresponding to said payment under the Plan and the bonds need not be presented.

In the case of bonds of the above issues which have not assented to the Plan, said payment will be made against presentation of the bonds with all unpaid coupons attached for stamping to evidence their assent to the Plan on or before December 31, 1943.

A more detailed notice concerning the presently announced payment will be furnished with form letters of transmittal.

Presentation of stamped coupons in order to receive the presently announced payment at the rate of $16.80 per $1,000 bond, and presentation of bonds with appurtenant coupons for stamping, should be made at the office of the correspondent of the undersigned in New York City, **Schroder Trust Company, Trust Department, 48 Wall Street, New York, N. Y.,** together with an appropriate letter of transmittal. Letters of transmittal, and in the case of dollar bonds of the City of Santiago and the Consolidated Municipal Loan copies of the Prospectus, may be obtained at the office of said correspondent.

When requesting letters of transmittal, kindly indicate whether the letter of transmittal is to be used in connection with the presentation for payment of coupons which have already been stamped, or in connection with the presentation of bonds and coupons which have not been so stamped. In the latter case, kindly indicate whether or not the letter of transmittal is to be used in tendering bonds of the City of Santiago or the Consolidated Municipal Loan.

CAJA AUTÓNOMA DE AMORTIZACIÓN DE LA DEUDA PÚBLICA
(Autonomous Institute for the Amortization of the Public Debt)

ALFONSO FERNÁNDEZ, *Manager*
ALBERTO CABERO, *President*

Santiago, Chile, January 15, 1943.

Michigan IBA Head Appoints Committees

DETROIT, MICH.—Charles A. Parcells of Charles A. Parcells & Co., newly elected Chairman of the Michigan Group of the Investment Bankers Association of America, has just named the committee appointments for the coming year. Mr. Parcells himself has served on various committees of the Investment Banking Group, local and national. He is head of Charles A. Parcells & Co. and President of the Grosse Pointe Township Rural Agricultural School District.

Charles A. Parcells

Elected to serve with Parcells are Alonzo C. Allen, Blyth & Co., Vice-Chairman, and Reginald MacArthur of Miller, Kenower & Co., Secretary and Treasurer. The Executive Committee consists of the officers and Jerome Keane of Keane & Co.; Harold R. Chapel of Crouse, Bennett, Smith & Co.; Ralph Khuen of First of Michigan Corp.; William Moore of McDonald, Moore & Hayes; John Arends of Paine, Webber, Jackson and Curtis; E. B. Watkins of Watkins & Fordon, and Philip K. Watson of Campbell, McCarty & Co., Governor of the Michigan Group.

The various committee appointments are: Municipal Securities—Harrison E. Thurston of Watling, Lerchen & Co.; Harold R. Chapel, Philip K. Watson, Jones B. Shannon of Miller, Kenower & Co., and Douglas H. Campbell of First of Michigan Corp. Legislative—Gordon Hill of Watling, Lerchen & Co.; Ralph Khuen and Ralph Fordon of Watkins and Fordon. Education — William Adams of Braun, Bosworth & Co., and John H. Arends. Meetings and Entertainment Committee—George C. Dillman of Harriman Ripley & Co. Business Conduct Committee—Douglas H. Campbell. Membership—Jones B. Shannon, and Publicity—Harold R. Chapel.

The Investment Banking Group are devoting considerable time to the sale of Government bonds.

Boston Traders Vote To Omit Annual Dinner

BOSTON, MASS.—By a poll of the Governors of the Boston Securities Traders Association it was unanimously voted to accept the suggestion of the Dinner Committee that the Winter Banquet be omitted this year.

"This would have been the nineteenth consecutive annual dinner and it was the consensus of opinion that it be abandoned until such time as many of the members who are in the Service might be back with the association."

Portland Electric Power Situation Attractive

The current situation in Portland Electric Power 6s of 1950 offers attractive possibilities according to a circular prepared by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of this interesting memorandum may be had from Scherck, Richter Company upon request.

UNION BOND FUND "A"
UNION BOND FUND "B"
UNION BOND FUND "C"
UNION PREFERRED STOCK FUND
UNION COMMON STOCK FUND "A"
UNION COMMON STOCK FUND "B"
UNION FUND SPECIAL

UNION
Trusteed Funds, Inc.

Prospectus covering all classes of stock on request

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

POTPOURRI

A most attractive, pocket-size brochure issued by the investment banking firm of Estabrook & Co. has come to hand. "Investors' Almanac" is the title and the presentation of the material should challenge the ingenuity of the investment company field.

* * *

Pointing out that the unexpected lack of resistance on the part of our enemies in North Africa has placed the United Nations in a position to win the war much sooner than was believed possible, National Securities & Research Corp. has undertaken a thorough-going revision of the portfolio of First Mutual Trust Fund. Many war favored issues have been eliminated and a diversified group of securities which should benefit from peace, or both war and peace, have been added. In all, 36 issues have been added and 22 issues have been eliminated. Complete details are given in a memorandum available for distribution entitled, "Portfolio Changes." A similar memorandum setting forth the recent portfolio changes in the various National Securities Series is also available.

Of particular interest are the additions to the International Series which include issues of Denmark, Poland, Jugoslavia and Greece on the Continent of Europe. As background material for the introduction of such issues at this time, the sponsor is making available to dealers copies of an analysis by the investment banking firm of A. L. Stamm & Co. in which the position of foreign dollar bonds is discussed at length.

The latest issue of "Investment Timing" discusses the "Economic Implications of the President's Messages." Although coverage of the subject is necessarily brief, the following conclusion is well supported: "The prospects for business, with 'war' and 'straddle' industries making the best earnings showing, are unchanged. These prospects, with due regard for coming post-war adjustment, should be reflected in the securities markets, where, however, 'peace' industries will have the underlying support of assured victory, possibly within two years."

* * *

The most recent issue of Lord, Abbett's "Union Dealer" quotes the Cleveland Trust Company Bulletin on the railroad situation. For those who happened to miss seeing the comments referred to, we reprint the following stimulating excerpt:

"When Hitler massed his submarine attack against our Eastern coast last Spring he clearly expected to stop our coastwise shipping, to prevent the shipping of coal to the industries of the New England states, and to make impossible the shipping of gasoline by tankers to our seaboard states. He largely succeeded in all three of those objectives, but the resultant paralysis of business and industry in the East, which must have been expected, did not follow. The attack did not succeed because the railroads took over the seaboard trade, the coal traffic, and the gasoline shipments. We owe our victory in the battle of the Atlantic not to the Navy, but to the railroads."

This column is continually impressed with the high standards of quality and impartiality maintained in the economic discussions regularly published by leading investment company sponsors. The January issue of "Background," discussing "The ABC's Of Rationing On Our Economic Front," is a good example of this type of contribution.

Lord, Abbett has commenced the new year with a set of freshly-revised dealer helps including the Composite Summary folder on Union Trusteed Funds, a "leverage" folder and a Summary folder on Affiliated Fund.

* * *

The phenomenal growth of Keystone Custodian Funds during the past year may have caused some people to lose sight of their over-all growth record. This record is the subject of the latest issue of "Keynotes." Since their first offering in May, 1932, these Funds have, in the aggregate, shown steady growth in every year but one, 1937, to reach their present total of over $43,000,000. Despite the excellent record in 1942, percentagewise, it was not the best year for the Funds. For that record one must go back to 1938, another depression year, during which the Funds more than doubled in combined net asset value as compared with an increase of about 50% in 1942. Investment company sponsors who meet unusual sales resistance in depression years should examine carefully the Keystone record.

* * *

Calvin Bullock's "Perspective" for January reviews the major events of 1942 and looks ahead to what the year 1943 may hold. "We have no disposition to play the role of military prophet, but we believe the weight of the force that we shall be able to bring to bear this year will make the successful conclusion of the war clearly visible by the year-end.

"We have as little taste for stock market as for military prophecy. But the rising military power of the United Nations, the favorable

(Continued on page 278)

INCORPORATED INVESTORS

Prospectus may be obtained from authorized dealers, or
The PARKER CORPORATION
ONE COURT ST., BOSTON

Municipal News & Notes

William J. Riley, of Paine, Webber, Jackson & Curtis, New York City, in his recent commentary on the course of the municipal bond market in 1942, points out that municipal bond averages in that year never recaptured the all-time highs of October and November, 1941. As in earlier years, Mr. Riley has recorded in chronological form the market highlights for each of the 12 months.

"Beginning 1942 with a rising trend after the Pearl Harbor decline," the survey notes, "the municipal market fell sharply from Jan. 26 until Feb. 18. In March, April and May, prices moved cautiously forward. June and July were strong. From then on the market kept within a narrow range. Except for a brief gain in October, municipal averages showed a slightly declining trend from August until the end of the year.

"The huge Federal borrowing necessary for the prosecution of the war in the past year narrowed the market for municipals. Many holders to whom tax exemption was unimportant sold them in order to buy Victory Bonds. Large scale switches to Treasuries by the insurance companies in the latter months of the year gave the municipal market a great weight to carry and slightly lower averages resulted.

"In 1942 the attack on tax exemption of State and Municipal securities was vigorously and persistently renewed. Recovering from the confusion after Pearl Harbor, the municipal market began to rise in January on the assumption that the tax status of outstandings was secure. But Secretary of the Treasury Henry Morgenthau, Jr., began a campaign on January 24 to render all municipals taxable that continued until the Senate, on Oct. 8, rejected a proposal to tax futures. Of course, nothing final attaches to that vote," the article warns.

Bank Offers To Buy Called Canada Bonds

The Agency of the Bank of Montreal, 64 Wall St., New York City, has been authorized by the Dominion government to purchase the Dominion's 30-year 5% bonds, for delivery on or after Jan. 20, at prices to yield ⅜ of 1% from date of delivery to March 15.

The entire issue of the bonds, which mature May 1, 1952, have been called for redemption on March 15, 1943 at par and accrued interest to that date. The bonds are to be redeemed at the New York Agency of the Bank of Montreal, fiscal agent of the Dominion Government.

Tennessee To Retire $23,500,000 Bonds in 1943-44

The State's total indebtedness on Jan. 3, last, including highway obligations taken over from the counties, amounted to $107,012,608, representing a decline of $19,261,326 from the aggregate of $126,273,934 on Jan. 16, 1939, it was stated by Governor Prentice Cooper in a message delivered at the opening session of the 1943 Legislature on Jan. 5. The debt on Jan. 16, 1941, was $110,041,956. In addition, the Governor continued, the State will be able to retire the $23,500,000 of bonds maturing during the next two years. "In my opinion," the Governor said, "the principles that should govern Tennessee's financial policy during 1943 and 1944 are as follows:

"1. To continue to hold the expenditures within availability, thus keeping the State budget in balance;

"2. To continue to protect the State's credit by paying off all indebtedness promptly as it matures;

"3. To issue no new bonds and refund no old ones;

"4. To levy no new taxes, except to raise the tax on liquor, which is one of the lowest in America."

Governor Cooper declared "that these principles can only be made effective by the continued exercise of the most rigid economy, since the State is now confronted with a $10,000,000 annual loss in revenue, due to gasoline rationing and other war measures." Rigid economy in State operations over the past four years, he said, "resulted in a surplus in the sinking fund of $18,000,000 and a prospective accumulated surplus in the general fund at the end of this fiscal year of $4,500,000."

Tennessee's Revenue Status Summarized

The State's general revenue position is broadly summarized by the following statement made by the Division of Accounts and Collections of the State Department of Finance and Taxation, under date of Dec. 23:

"So far this month gasoline collections are $2,270,053.56, which represents an increase over the full month of last year of $385,491.15, or 20.45%.

"The total collections so far on all revenue for December are $3,510,342.56 which represents an increase of $343,441.46 or 10.84% over the full month of last year.

"The total gasoline collections for this six months now ending Dec. 31, 1942, are $11,974,561.34, a decrease over the six-months' period of last year of 7%.

"Total collections on all revenue for six months are $24,437,863.12, an increase of $626,886.64, or a percentage increase of 2.63% for the six months.

"You will understand we have about seven more days of collections to be added to the figures above mentioned for this period. I would guess the total collections on all revenue for that time would amount to around $200,000 including a slight collection on gasoline tax."

The Tennessee Funding Board reports a balance of $17,874,653 in the State sinking fund on Nov. 30, according to the statement of Tennessee Taxpayers Association.

Seattle, Wash., Cancels Bond Offering

W. C. Thomas, City Comptroller, informed us that "because of possible changes in design of work," the call for bids on Jan. 26 for the purchase of $7,900,000 not to exceed 6% interest municipal light and power revenue bonds has been canceled. A new call is expected soon, he added.

Chicago Park District To Redeem $4,920,000 Bonds

The district is expected to call for redemption on March 1, $4,920,000 of the total of $6,099,000 of its refunding bonds optional on that date, but which are not actually due until 1955. As a preliminary to the actual call notice, the district is asking for tenders of the bonds to be received on Jan. 26. This is a mere formality, of course, as only tenders of par or less are acceptable, and the district bonds are quoted well in excess of par. Accordingly, as in previous instances, no tenders are expected and the next logical move is believed to be the issuance of the bond call notice. The balance of the $1,179,000 bonds optional on the March date will be reduced on Sept. 1, according to report.

The bonds scheduled for early retirement include refundings series A and B, dated Sept. 1, 1935, and series C and D, dated March 1, 1936. Redemption of the bonds will cut the district's bonded debt from the present level of $81,709,700 to $77,419,700.

Port Authority Reports 1942 Operations

In making public last week a review of the operations of the Port of New York Authority during 1942, Chairman Frank C. Ferguson stressed the large volume of essential war traffic moving in the New York-New Jersey area. This essential traffic, he said, is reflected in the total of 25,009,845 vehicles which used the bridge and tunnel crossings operated by the authority in the past year, as compared with the 1941 peak aggregate of 30,600,567.

Mr. Ferguson reported that toll revenues alone in the period amounted to $14,445,828, a decline of 15.3% from 1941, according to preliminary figures. Gross revenues from all sources, including the Port Authority Commerce Building, were about $16,144,048. Net income after operating expenses and interest amounted to $7,142,510, a decline of $1,600,000 below the comparable figure for the earlier year.

The Port Authority, the Chairman said, started 1943 with a balance of $11,620,000 in the general reserve fund and pointed out that economies in operations resulted in a saving of $600,000 in 1942. This was accomplished despite rising materials costs and unusual expenses, such as the employment of auxiliary guards.

Cautioning against "drawing hasty conclusions from the total 1942 figures," Mr. Ferguson emphasized that although gasoline rationing was not introduced until May 15 last, the traffic decline in the 7½ months rationing period was 27.6%, while the falling off for the whole year was only 18.3% less than 1941. Mr. Ferguson played a leading role in shaping and executing the Port Authority's pioneering program in the revenue bond field and is a prominent figure in New Jersey banking circles.

Any "prognosis for 1943 is difficult," he observed, as 1942 experience demonstrated that conditions are subject to rapid change. "Thus, for reasons of military security, no one could foresee that oil and gasoline would have to be siphoned from East Coast stocks in order to supply our armed forces in Africa. All we can do at this time is to estimate where we would stand under various assumed traffic conditions."

Taking as a base the revenue figures for 1941, the last year of normal operations, if 1943 traffic drops 40% the Authority should end the current year with a balance of approximately $500,000 over all operating expenses and debt service. This surplus would be possible only because the Authority had already prepaid some of its 1943 sinking fund requirements. If, on the other hand, conditions cause a 50% decline in traffic, it would be necessary to withdraw $1,225,000 from the General Reserve Fund in 1943 to meet current obligations.

(Mr. Ferguson's report was reviewed in its entirety in the "Chronicle" of Jan. 18, page 211.)

Major Sales Scheduled

Below we give a record of the major offerings included in the

Telephone wire coming up

Here's a bomber-gunner hurrying to load his 50-calibre gun. . . .

In peace, a lot of that copper would have gone into new telephone lines. Now it's needed for shooting and winning the war.

That's why we can't build new lines right now. That's why we're saying—"Please don't place Long Distance calls to war-busy centers unless it's absolutely necessary."

Thanks for all your help and we hope you will keep remembering.

WAR CALLS COME FIRST

COPYRIGHT ARMY AIR FORCES AID SOCIETY

BELL TELEPHONE SYSTEM

A Safe Haven For Investment Funds

Individual investors, trustees and other* fiduciaries interested in becoming acquainted with the Federally insured investment opportunities offered by savings and loan associations should write for current explanatory literature to the associations mentioned below. When doing so please mention the "Chronicle."

- **American Savings & Loan Association**
  17 East First South Street, Salt Lake City, Utah
- **Danielson Federal Savings and Loan Association**
  84 Main Street, Danielson, Conn.—Write for free booklet and information.
- **First Federal Savings & Loan Association of Detroit**
  Griswold & Lafayette, Detroit, Mich.
- **First Federal Savings and Loan Association of Wewoka**
  211 South Wewoka Avenue, Wewoka, Okla.
- **Mid Kansas Federal Savings and Loan Association**
  215 South William Street, Wichita, Kans.
- **Northwestern Federal Savings & Loan Association**
  823 Marquette Avenue, Minneapolis, Minn.
- **Oak Park Federal Savings & Loan Association**
  104 North Marion Street, Oak Park, Ill.
- **Peoples Federal Savings and Loan Association of Detroit**
  Buhl Building, Detroit, Mich.
- **St. Paul Federal Savings and Loan Association of Chicago**
  2116 West Cermak Road, Chicago, Ill.
- **St. Paul Federal Savings and Loan Association**
  Fourth at Wabasha Street, St. Paul, Minn.
- **San Francisco Federal Savings and Loan Association**
  705 Market Street, San Francisco, Calif.
- **Standard Federal Savings and Loan Association**
  735 South Olive Street, Los Angeles, Calif.
- **Twin City Federal Savings and Loan Association**
  Eighth & Marquette, Minneapolis, Minn.

*Guardians, insurance companies, State, school and municipal sinking funds. firemen's, police and other pension funds, etc.

calendar of forthcoming sales. Our tabulation is restricted to issues of general market interest and does not include note issues as these, generally speaking, are of no interest to the trade.

January 25

$675,000 East Chicago, Ind., Sanitary District.

No similar loan of comparable size made in the recent past.

January 26

$400,000 Troy, N. Y.

Last previous issue went to E. H. Rollins & Sons, and Associates. Second bid made by Stranahan, Harris & Co., group.

February 1

$4,100,000 Maricopa Co., Ariz.

Bids for these bonds will be received by the State Treasurer in behalf of the county

February 9

$1,600,000 Baltimore Co., Md., Metropolitan District Bonds.

Last offering of similar bonds was purchased by Alex. Brown & Sons, Baltimore and Associates, the second high bidder being the Mercantile Trust Co., Baltimore, syndicate.

Hoover Will Address Conference Bd. Dinner

An address by Herbert Hoover, former President of the United States and recognized authority on the production and distribution of food in wartime, will feature the general session of the 248th meeting of the National Industrial Conference Board at The Waldorf-Astoria, New York City, tonight (Jan. 21). Mr. Hoover was Food Administrator in the Wilson Administration during World War I, and was also Chairman of the United States Grain Corporation, the United States Sugar Equalization Board and the Interallied Food Council, all of the same period. "The Wartime Agricultural Situation" is the topic of the general session which is expected to resolve itself largely into a discussion of the production of foodstuffs in the United States under conditions now existing and their distribution both in this country and, largely through Lend-Lease, throughout the world.

In addition to Mr. Hoover, C. C. Teague, President of the National Council of Farmer Cooperatives, and Albert S. Goss, President of The National Grange, will address the dinner session. Dr. Virgil Jordan, President of the Conference Board, will preside at the meeting.

Harbison & Gregory Is Formed In L. A.

LOS ANGELES, CALIF.—The new investment firm of Harbison & Gregory, 210 West Seventh Street, has been formed to consolidate the investment business formerly conducted by Dunk-Harbison Co. and R. N. Gregory & Co.

Partners of the new firm will be R. N. Gregory and McClarty Harbison both members of the Los Angeles Stock Exchange. Warren B. Bailey, formerly Vice-President of R. N. Gregory & Co., will be in charge of the investment department. The Stock Department will be managed by J. G. Henderson. William V. Hull, an officer of R. N. Gregory & Co., will be cashier of the new firm.

Harbison & Gregory will maintain a branch office at 385 East Green Street, Pasadena, Calif., under the direction of Ross K. Boore.

C. Corrigan Jr. Has Formed Own Business

NEW ORLEANS, LA.—Charles E. Corrigan, Jr., has opened offices in the Masonic Temple Building, to conduct a general investment business as successor to Brown, Corrigan & Company. Mr. Corrigan was formerly a partner in Brown, Corrigan & Co., and prior thereto was an officer of its predecessor W. Edward Brown & Co., Inc.

Insured Investment With Liberal Return

The Danielson Federal Savings and Loan Association, 84 Main Street, Danielson, Conn., will be glad to send a booklet and full particulars on insured Federal Savings & Loan investments, which offer, the association declares, unusual opportunities for safety and liberal return on investment. Current dividend rate of 3% per annum.

Wells-Dickey Company To Close Investment Business

MINNEAPOLIS, MINN.—It has been announced by Stuart W. Wells, president of Wells-Dickey Company, Metropolitan Building, that the board of directors had determined, subject to approval of stockholders to close its business and terminate its corporate existence. Wells-Dickey Company was established in Minneapolis in 1878.

Savings Earn With Safety In Insured Investment

American Savings and Loan Association, 17 East First South Street, Salt Lake City, Utah, will send upon request to investors, trustees and other fiduciaries interesting data explaining the desirability of investing funds in insured Federal Savings and Loan investments. Current dividend rate 3%.

John Widder & Co. Formed

(Special to The Financial Chronicle)

SHEBOYGAN, WIS. — John Widder & Co. has been formed with offices at 601 North Eighth Street, to engage in a general securities business. Partners are John N. Widder and Betty W. Widder. Mr. Widder was formerly with Heronymus, Ballschmider & Co. and prior thereto with the Citizens State Bank of Sheboygan.

KEEPING the FAITH

★ When the insanity of war has run its course, and the carnage and conflagration have ceased . . . when brave men, proud and victorious, come home again to every city, town and farm in America . . . when this topsy-turvy jigsaw world is ready to be put together again . . . in those brighter tomorrows, life insurance will still have a job to do . . . a bigger job than ever in the past.

Not even global war can repeal the first law of nature, which is self-preservation. Nor can all the hell of all the battlefronts destroy the fibre of family devotion which is the warp and woof of the American home, the shrine for which our brave men fight — and die, if need be.

Yes, there will still be a job for life insurance, as long as babies are born and men and women grow old or die, as long as bread is bought with money, as long as fathers and mothers love their children. Always there will be the job of defending home solvency, a job which life insurance, better than anything else, is fitted to do.

And as America journeys onward, down through the corridor of time, she will find her home solvency flanked all the way by her life insurance men. For more than a century she has depended upon them. She *will* depend upon them, always. She *must* depend upon them.

A vital job to be done . . . trained men to do it . . . men keeping the faith.

Massachusetts Mutual
LIFE INSURANCE COMPANY
SPRINGFIELD, MASSACHUSETTS
BERTRAND J. PERRY, *President*

FINANCIAL STATEMENT AS OF DECEMBER 31, 1942

ASSETS		LIABILITIES	
First Mortgages and Contracts	$1,659,761.74	Savings and Investment Share Accounts	$1,728,459.15
Secured Loans to Investors	17,579.00	Advance from Federal Home Loan Bank	199,904.00
Real Estate Owned and in Judgment	4,521.11	Mortgage Loans in Process	11,220.33
Stock Owned in the Federal Home Loan Bank of Des Moines	23,500.00	Reserves and Undivided Profits	80,020.04
U. S. Government Bonds	75,534.00	Other Liabilities	3,913.45
Furniture and Fixtures	4,817.64		
Other Resources	734.99		
Cash on Hand and in Banks	237,067.49		
Total	$2,023,516.97	Total	$2,023,516.97

3% current dividend rate *Insured Investments*

St. Paul Federal Savings and Loan Association

Fourth at Wabasha Streets, St. Paul, Minn. Axel A. Olson, Executive Secretary

Twin City Federal Savings and Loan Association

Minneapolis St. Paul

Statement of Condition

December 31, 1942

ASSETS		LIABILITIES	
First Mortgage Loans and Contracts	$16,129,438.70	Savings Share Accounts	$15,917,993.27
Loans Secured By Pledge of Accounts	16,456.07	Investment Share Accounts	1,999,250.00
Federal Home Loan Bank Stock	160,800.00	Advances from Federal Home Loan Bank	None
U. S. Government Bonds	1,780,941.00	Reserves	414,186.07
Furniture and Fixtures	37,000.00	Undivided Profits	267,471.20
Real Estate Owned	19,689.09	Mortgage Loans in Process	137,458.16
Cash on Hand and in Banks	606,172.07	Other Liabilities	14,138.23
Total	$18,750,496.93	Total	$18,750,496.93

On January 1, 1943, investors in Twin City Federal received the fortieth consecutive semi-annual dividend. The current rate of 3% has been maintained since 1936.

During 1942, Twin City Federal enjoyed an increase in members' accounts of more than $3,500,000. This gain exceeded the $3,300,000 increase recorded in 1941.

TRUSTEES, EXECUTORS, CORPORATIONS, INDIVIDUALS
and OTHERS are invited to invest here.

- FEDERAL INSURANCE UP TO $5000.00
- HIGHER INCOME

SAN FRANCISCO FEDERAL SAVINGS
AND LOAN ASSOCIATION
SAN FRANCISCO, CALIFORNIA
Chartered and supervised by the U. S. Government

A 4 STAR INVESTMENT FOR SAFETY

TESTED MANAGEMENT
AMPLE RESERVES
LIBERAL RETURN
INSURED SAFETY TO $5000

Funds received by 10th of month earn in full from 1st of month

STANDARD
Federal Savings
AND LOAN ASSOCIATION
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Buy War Bonds Here

Do You Have Money To Invest?

We have just paid our 38th consecutive dividend—Dec. 31, 1942.

Our Savings Members received

3%

(compounded semi-annually)

WE HAVE PAID consistent dividends each year since we organized in 1923.

You too, can Enjoy insured safety—liberal dividends. Your account is federally insured up to $5,000.00. Invest your money today.

(Write for details)

AMERICAN SAVINGS & LOAN ASSOCIATION
17 East First South St.
SALT LAKE CITY, UTAH

INSURED SAVINGS
Up to $5,000
Money received on or before the 10th earns from the 1st!
3%
Current Dividend Rate
NORTHWESTERN FEDERAL SAVINGS & LOAN ASSN.
823 Marquette Avenue
MINNEAPOLIS, MINN.
"A Friendly Institution"

From Washington

(Continued from first page)

inviting first, Ramsey MacDonald and then Laval over to see him. There was a lot of beautiful pageantry coupled with the visits. He took Ramsay MacDonald down to his lodge on the Rapidan and they sat and talked before a log fire, smoking pipes. No good ever came of the visits. Laval, in fact, purposely offended Mr. Hoover as soon as he set foot in Washington by saying the man he really wanted to meet was Borah. It wasn't many months later, either, until he deliberately spiked the effect of Mr. Hoover's moratorium to Germany. Laval held it up long enough to kill any good the plan had, which was mainly to send the stock market up for a few days.

I wouldn't be surprised if a better plan than that of getting the statesmen together would be one to keep them apart. They get on one another's nerves. Knocking around together, their wives naturally try to outdo one another; they have their spats, the statesmen have to be continually getting up problems to have something to talk about. Their competitive instinct naturally comes to the fore. One fellow will read a build up about the other fellow in the papers, he becomes resentful. And so it goes. Certainly it would seem that two men could not be any closer than Mr. Roosevelt and Churchill. But there is a lot of battling of wits between them behind the scenes. It forebodes the holy mess that will develop after the war and has many serious angles at present. There is more to the North African situation than a factional fight for control, but it would probably do no good to discuss it at this time.

Leon Henderson's leaving the OPA will largely subordinate that agency in the Washington personality parade. It will continue to serve to carry out rationing and price fixing policies but these policies will be formulated in other quarters. Jimmy Byrnes will be the dominant force.

Prentiss Brown who takes over Henderson's job is an able man. There is a question as to what kind of administrator he will make but he won't always be in controversy. He is not the aggressive, head-line seeking type. He likes to go along quietly to accomplish his job. He is not the leader which his friends advertised him in his campaign for reelection. He has a quiet way of getting things done, and he does a workmanlike job. It wasn't a case of the President's taking care of a lame duck in his appointment. Brown has long had a successful law practice and would have really preferred to return to it than to take the price administrator's job. It was his feeling that the President simply wanted to take care of him that caused him to hold off acceptance of the job for some time.

To Address Analysts On Beveridge Report

The January general luncheon meeting of the New York Society of Security Analysts, to be held today, will be addressed by Dr. Leo Wolman on The Beveridge Report. Dr. Wolman has studied The Beveridge Report and his findings are about to be published; he will analyze this program, which may well influence the course of history after the war. Dr. Wolman is Professor of Economics at Columbia University, a member of the staff of the National Bureau of Economic Research and is an authority on labor problems.

The luncheon meeting of the Society will be held today at 12:30 P. M. at the Block Hall Lunch Club, 23 South William Street, New York City. Reservations are handled through Miss Byam at the office of Dean Langmuir chairman of the program committee (Bowling Green 9-6375).

On Friday, Jan. 22, Dr. Harry Arthur Hopf, of the Hopf Institute of Management and senior partner in H. A. Hopf & Co., management engineers, will address the luncheon meeting of the Society on "Measuring Insurance Company Management in the Interest of Policyholders and Investors." The Jan. 22 meeting will be held at 56 Broad Street, at 12:30 P. M.

Home Mortgage Lending In 1943

By JOHN F. SCOTT, First Vice President
United States Savings & Loan League

Savings and loan institutions, including cooperative banks and building and loan associations, are likely to continue as the leading home mortgage lenders of the United States in 1943. My own feeling is that they will increase at least by a point or two their proportion of the total home mortgage lending done in the nation. We all know the amount of lending will be less than in the boom defense period years but there are substantial reasons for thinking that the savings and loan institution will be depended upon in increasing degree for the mortgage lending which is left to do.

John F. Scott

For the past four years statistics on the source of home mortgage loans have been compiled carefully by the Federal Home Loan Bank administration in Washington. Every mortgage of $20,000 or less recorded is arbitrarily taken as a mortgage on a home. On this basis, the savings and loan institutions have been the chief source of funds for home loans during all those four years. Their percentage of the total amount has ranged from 30 to 32. It was highest, that is, 32%, in 1940. During the first nine months of 1942, latest for which we have the figures, our percentage was 30. This year the availability of additional funds in the savings and loan associations and the necessity for the associations to seek mortgage loan outlets more aggressively than at any time in the past four years combine to give them a good chance to get up to 32% or perhaps up to a full one-third of the total home mortgage lending volume.

The runners up as a source of home mortgage lending throughout these four years of reliable statistics have been the commercial banks, doing 23 to 25% of the total volume of home lending. The life insurance companies do not loom so large in the total, furnishing from 5 to 10%, but they are a conspicuous factor in many concentrated areas. The situation does not point to either of these types of institutions taking so large a part in the 1943 activity. As I see it so many billions of dollars will have to be obtained from the commercial banks and the insurance companies for war financing, that the compulsion will not be there for them to seek mortgage loan outlets so actively as in the past few years. Meanwhile, with stepped up mortgage-seeking activity on the part of savings and loan institutions, the lion's share of this year's lending can be seen going a little more notably in their direction.

The next question naturally is what kind of loan business it will be. We cannot expect much more construction lending with WPB already scrutinizing construction plans in many instances and deciding that they are unnecessary. Such scrutiny may hit the war housing program at any time and decrease the present expectations for a limited production of houses. In the last months of 1942 the savings and loan institutions were devoting about 12% lending volume to the building of new houses in war industry areas, but we cannot expect this to continue very far into 1943.

Apparently, however, people are continuing to buy homes in every price range. About 55 to 60% of all the loans made by our savings and loan associations this past year were to assist in the purchase of existing houses. Part of this is due to an increased demand for existing houses arising out of the restrictions on the building of new ones. Many people became convinced that they wanted to own their own homes during 1941, but after the ban on construction of other than war houses they decided to invest in available properties already built. Another explanation for much of the home purchasing today is the rising price level in general. When money buys less the average citizen, who has more common sense on these things than the economists ever give him credit for, just naturally goes out and buys a piece of property rather than keeping his money as a cash asset with the likelihood of its purchasing power decreasing still further. I think this attitude on the part of the average citizen will continue to be reflected in a desire to purchase homes because we are attempting only to control inflation and not to stop it entirely. There should continue to be a good market for homes throughout the year as long as no further restrictions are placed on the sale of property by any of the agencies in Washington.

Some refinancing of loans held by other mortgagees will take place this year as it always does. The savings and loan associations in 1942 made about 15% of their dollar volume of loans to refinance obligations which the borrowers would rather have with local institutions specializing in home financing than where they had originally been held. Modernization and repair loans may well continue to account for 3 to 5% of dollar volume, and miscellaneous purposes for borrowing on a piece of property will come in for somewhere from 8 to 10% of the loans this year as usual.

All of this optimism about the prospects for mortgage lending should be weighed in the light of one factor, viz., the fact that the peacetime hangover is still being experienced in this country. We do not yet know anything about restrictions and regulations but another three or four months will undoubtedly bring more to us. It means that our savings and loan institutions may do less mortgage lending than we now contemplate in 1943. But if the restrictions come they will be placed on the other mortgage lending agencies as well, so that we still can look forward to being the chief home lending institutions in the country, no matter how limited the field for all the lenders may prove to be.

Court Flays Stock Salesman

Paul R. Neuman, a stock salesman of Philadelphia, Pa., was sentenced to a year imprisonment and five hundred dollar fine by Erie County Judge Hamilton Ward, Jr., in Buffalo, N. Y., on his plea of guilty to perjury in testifying concerning securities transactions at the New York State Attorney General's office in 1937.

"Your record shows you have been arrested in various places twenty times," Judge Ward told Neuman. "This record is a travesty on our whole judicial system in the United States." Reading a disposition of the cases showing withdrawal of warrants and failures to prosecute, he asserted "You are not going to get away with that in this court. You have made a systematic business of defrauding people—many of them poor people in the rural districts—for years."

Savings and Loan's 1942 In Retrospect

By RALPH H. CAKE, President
United States Savings and Loan League

The year 1942 with its surprises and its threats, its known and unknowns for the business man, developed into the second most active year the savings and loan institutions have had since the 1920's. They made approximately $1,100,000,000 worth of new mortgage loans, about 60% of the volume being for the purchase of existing homes. They received from the public more money than in any post-depression year except 1941, taking in about $1,300,000,000 from investors, both institutional and individual, and from small savers. Net gains in money invested with them averaged 45% of the new money which came in during the last six months of the year. They probably closed the year with a net gain of 5 to 10% in total assets.

Ralph H. Cake

It can be estimated conservatively enough that the financial destinies of more new people became tied up with savings and loan institutions in the year just past than in any of the past thirteen years with the single exception of the record-breaking 1941. America's first year of actual participation in World War II had a less marked effect on the volume of business, both in the receiving and disbursing phases, than could have been foreseen at the start of the year. It meant for the associations, however, some notable new activities concerned with financing the war.

During 1942 they sold approximately $307,000,000 worth of war bonds to their members and to the public in general, contributing the services of one or more staff members practically full time in a great many instances to handle the bonds. Meanwhile the associations invested $180.000,000 in government bonds, including war bonds, about three times the amount of their government bond purchases in any previous year in their history. Some associations closed the year with 20 to 25% of assets in governments while the more common proportion invested by that time was somewhere between 5 and 10%.

Substantial repayments were made on their loans owed to Federal Home Loan Bank system, their central reserve institution. Loans outstanding in the bank system decreased from $219,400,000 on Jan. 1, 1942 to $144,750,000 on Sept. 1, 1942 and the repayments were still being made during the last four months. The associations also repurchased Federal government investments in their shares at a much faster rate than required in 1942. This is the program inaugurated in the middle 1930's for putting local thrift and home financing institutions immediately into position to finance home building and create jobs. Altogether $102,750,000 of the original $273,000,000 invested in the course of this program had been retired by the end of the year.

Such deflationary activities of the associations have been made possible by two main developments. One was the increased inflow of money accompanied by a lessening of overall mortgage loan demand because of the curtailment in home construction. The other was manifested in the speeded up repayments on the principal of loans. Home owners, with substantial mortgages against their properties still outstanding, used their stepped-up earning power in the war economy to reduce this indebtedness and get closer to debt-free ownership in 1942. This program was widely adopted among our borrowers and it is estimated that repayments were about 18.7% more than their amount in 1941. Repayments on principal will probably total some $932,930,000 when the statistics are completed for this past year.

The year saw 1500 of the staff members, directors and officers of the associations go into the armed forces of the United States and the taking over of their jobs largely by others already on the staff, the shifting of personnel within the offices being greater in this past year than at any time in the past ten. This drain on the trained personnel of the associations has been partially counteracted by greater attention to the courses offered by the American Savings and Loan Institute, which is the educational organization in the business. Many of the persons who now operate and work for the savings and loan type of institution are better informed and more competent to carry on several different jobs in the office than they were a year ago. Manpower has not become a problem with the associations by the beginning of 1943 because a program of institute training both the men and women has been followed by the managers with increasing emphasis in the last five years.

At its beginning the new year finds the associations in sound position, with their cash as high as at any time and their possession of government bonds an additional liquidity factor, with their reserves larger and still being expanded, and with new money flowing in from the confident seven million whose names are on their share account books.

The Treasury can count on them for greatly expanded support of the bond purchase program in 1943 and for a sustained effort to help teach people to postpone the spending of current income. The $1,300,000,000 which people and institutions invested in these associations in 1942, as well as the $300,000,000 of war bonds they sold, had the effect of postponed spending, of helping nullify the inflationary tendencies inevitable in the war economy. This is not to be underestimated in evaluating the services of a thrift institution to the nation at war.

No. Home Mortgage Recordings Lower

Home mortgage financing in the United States dropped sharply in volume during November to the lowest level since the short month of February, 1940, the Federal Home Loan Bank Administration reported on Jan. 9.

The FHLBA announcement further explained:

"The 22% decline from the previous month—after three months of fairly well sustained activity—was due to seasonal influences as well as the increasing curtailment of new construction because of material shortages. A new factor was that November was the first full month in which Office of Price Administration restrictions on the sale of tenant-occupied properties were in effect.

"November non-farm mortgages of $20,000 or less, recorded by all mortgagees, were estimated at $278,000,000, which was 26% off from the total of November, 1941. The decline was general throughout the country.

"Recordings for the first eleven months of 1942 totalled $3,675,000,000, a decline of 15% from the comparable 1941 period and 1% from 1940. By class of lender, activity of savings and loan associations, banks and trust companies and mutual savings banks dropped more than 20%, while the decline registered by the three remaining types of lenders was less than 8%. Savings and loan associations retained their leadership, however."

The number and amount of new mortgages made in November, by type of lender, follow:

	Number	Amount	%
Savings and loan associations	28,914	$80,970,000	29
Insurance cos.	5,547	25,950,000	9
Bks. & tr. cos.	17,361	58,519,000	21
Mutual savs. bks.	3,163	11,596,000	4
Individuals	26,849	55,830,000	20
Other mtges.	12,807	45,456,000	17
Totals	94,641	$278,321,000	100%

St. Paul Fed. Savs.-Loan Of St. Paul Has Assets Totalling $2,023,516

Savings and loan associations are authorized by the Secretary of the Treasury of the United States to act as agents in the distribution of War Bonds and Stamps, and according to the annual report of Axel A. Olson, secretary-manager of the St. Paul Federal, that institution sold bonds in the amount of $231,975 in 1942.

"War effort absorbed a good part of our organization's time in the past year," Mr. Olson said. "It was considered an objective of even greater rank than accumulating savings in this home financing institution, and the same policy will continue in 1943.

"We believe that one of the greatest contributions citizens can make in this war is that of so managing their affairs that savings accrue, rather than expenses. In the larger sense, the postponement of spending is a move toward victory."

Assets of the St. Paul Federal as of Dec. 31, 1942, were $2,023,516.97, as compared with $1,813,594.83 as of Dec. 31, 1941. Reserves which were 3.46% at the close of 1941, are now 3.95%. Today's assets indicate the growth of the organization since 1935 when the assets were $73,197.76.

Officers and directors of the association are Louis Peterson, President; Frank Pampusch, Vice-President; Axel Olson, Secretary-Treasurer; Gustav Axelrod, Attorney; Roy C. Smelker, Charles J. Flynn, Robert Hein and George H. Lyser.

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Danielson Federal Savings and Loan Ass'n.
84 Main Street Phone 377 Danielson, Conn.

Statement of Condition, Dec. 31, 1942

ASSETS

First Mortgage Loans and other First Liens on Real Estate	$10,165,441.56
Loans on Passbooks and Certificates	27,415.98
Cash on Hand and in Banks	1,014,549.83
United States Government Securities	502,000.00
Federal Home Loan Bank Stock	150,000.00
Home Office Building	281,878.07
Real Estate Subject to Redemption	17,374.74
Furniture and Fixtures	10,401.76
Deferred Charges and Other Assets	14,056.94
	$12,183,118.88

LIABILITIES

Savings and Investment Share Accounts	$10,810,683.83
Advance from Federal Home Loan Bank	600,000.00
Loans in Process	32,689.91
Payments by Borrowers for Future Taxes and Insurance	270,007.92
Due Federal Reserve Bank (War Bond account)	18,368.76
Other Liabilities	3,360.75
Reserves and Undivided Profits	447,407.71
	$12,183,118.88

Michigan's largest "federal" savings and loan association. Member Federal Home Loan Bank and Federal Savings and Loan Insurance Corporation. Inquiries from out-of-town investors invited.

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Griswold at Lafayette

PEOPLES FEDERAL
Savings and Loan Association
of DETROIT
BUHL BUILDING
Griswold and Congress Street
DETROIT, MICH.

Statement of Condition as of Dec. 31, 1942

ASSETS

First Mortgage Loans	$1,322,888.44
Properties Sold on Contract	211,800.16
Real Estate Owned	14,734.82
Investments and Securities	17,134.03
United States War Bonds	100,000.00
Cash on Hand and in Banks	92,447.81
Office Equipment, Less Depreciation	1,151.33
	$1,760,156.59

LIABILITIES

Members' Share Accounts	$1,514,676.80
Advances from Federal Home Loan Bank	131,250.00
Loans in Process	10,569.08
Other Liabilities	687.35
Specific Reserves	33,543.84
General Reserves	33,106.91
Undivided Profits	36,322.61
	$1,760,156.59

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Assets Over $3,000,000
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WICHITA, KANSAS
Financial and operative statements sent on request

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FIRST FEDERAL
Savings and Loan Association
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WEWOKA, OKLAHOMA
The first chartered in Oklahoma

53rd Annual
STATEMENT
December 31, 1942

ASSETS

First Mortgage Loans		$2,885,792.73
Secured Loans to Investors		17,700.19
Properties Sold on Contract		27,646.07
Real Estate Owned		21,569.27
Real Estate Subject to Redemption		12,057.85
Office Building		18,693.49
Furniture and Equipment		6,466.86
Other Assets		1,980.56
Stock in Federal Home Loan Bank		29,100.00
Accrued Interest on Investments		218.25
U. S. Government Bonds		190,700.00
Cash on Hand & in Banks		374,879.79
		$3,586,805.06

LIABILITIES

Savings and Investment Share Accounts		$3,024,734.32
Advances from Federal Home Loan Bank		228,305.00
Accrued Dividend Payment		25,233.01
Loans in Process		69,828.75
Accounts Payable		8,394.18
Other Liabilities		1,693.00
Specific Reserve	$ 41,910.13	
General Reserve	156,128.28	
Undivided Profit	30,578.39	
Total Reserves		228,616.80
		$3,586,805.06

Total Reserves Over $228,600.00
Current Dividend 3%

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UP-TOWN AFTER 3

STAGE

"Dark Eyes," a comedy by Elena Miramova and Eugenie Leontovich, presented and directed by Jed Harris at the Belasco Theatre, N. Y. With Elena Miramova, Eugenie Leontovich, Jay Fassett, Ludmilla Toretzka, Geza Korvin, Ann Burr, Oscar Polk and others. Sets by Stewart Chaney (Reviewed Friday, Jan. 15, 1943). . . . . With Russia and Russians making the headlines it is not surprising that plays dealing with Russians should have the vogue they now enjoy. "Dark Eyes," the third Russian play to appear on Broadway this season, is a frothy yarn about three Russian ladies who seek refuge for the week-end as guests of a fellow countryman who in turn is a guest at the home of a wealthy Long Island family. That the three ladies are also playwrights in search of an angel and see in the head of the Long Island family, a harried Washington official, the answer to their financial dreams, makes for amusing complications. As a comedy, "Dark Eyes" has it's funny moments. The spectacle of three ladies running away from the consequences of passing rubber checks, their wild conversations, their arguments and the sometimes wacky situations, make your sides ache with laughter. But the trouble is the moments of hilarity are too thin to be spread over an entire evening. The voluble ladies are perfect examples of the popular idea of the Russian. They have mercurial temperaments. They are either riding the crest of the wave when paying the income tax seems such a small thing that they plan to give the Government a bottle of vodka to show their gratefulness; or they are in the slough of despondency when suicide is the only way out.

AROUND-NEW YORK-TOWN

What with the war and gas rationing, you'd think local night clubs would be in that quaint condition Broadway succinctly describes as "Strictly from hunger." Nothing could be further from the truth. Saloons, whether of the bar and grill type or the swishy cafe set relaxation joints are doing a land office business. Everybody has reasons for this unexpected popularity. But reasons don't matter, for the fact is that they are busy. If you like to rub shoulders with movie people, then the places you are bound to find dozens is in the East Side spots. What with the war and bond selling drives, Hollywood people who used to run abroad now turn up in New York daily. And evenings you'll see them swapping lies at the tonier New York night spots. To attract more spenders the East Side places put on elaborate shows. Some of them have gorgeous girls and outstanding stars; some just a single personality. **The Monte Carlo (E. 54th)**, for example, introduces Peggy Wood of Blithe Spirit fame to it's patrons this week. Miss Wood was a top-notch musical comedy star before she turned to dramatics. Another attraction is a young lady named Diana, whose talents in the business of telling your past, present and future, gives her quite a following. And speaking of prognosticators, look up the lady called Arlah, who does her crystal gazing at the skyscraper **Penthouse Club (30 Central Park South)**. People tell me she is uncanny. The Penthouse adds a musical background to its Central Park backdrop by having a violinist, Senya Oneska, who plays lilting, romantic, or plaintive tunes to put handholders in the proper mood. Hotels are also getting increased business. **The Pierre (Fifth Av. at 61st)**, for instance, with its really beautiful Cotillion Room, has the rope up for the first time. This week sees the talented young dancers, the Barrys, who double from "Show Time," opening there. They join the amazing Myrus, who has been mentioned here before. Myrus, to the uninitiated (his name is actually Harry Carp), is a mind reader with an ability that is unbelievable. I write from experience—embarrassing experience. Among the other East Side places there is the **Versailles (E. 50th)** with its elaborate show starring the rotund lady of letters and parties, Elsa Maxwell. Then, of course, there is the **Stork Club**, but you know about that one. All in all, New York is now a Saturday night town, not only Saturdays, but every night in the week.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 269)

consider, but the news you read spread across the front pages isn't the news which has an important market effect. The Russian breaking of the siege of Leningrad, its drive to the West, its breaking of the myth of invulnerability of the Wehrmacht enjoyed so long makes for fine reading. But people interested in markets are not concerned with flaming headlines. It is the small three or four line articles buried sometimes in long dispatches which mean something to them. For example the submarine sinkings carry much more weight than the winning of a sensational battle. The attitude of the Treasury Department is more important than any McNutt page one story of potential manpower. And business after the war is more important than sensational earnings now.

* * *

The market in its own fashion recognizes these things and evaluates them accordingly. If for example, basic developments which mean little to the average person were suddenly to make their effect felt the market would show it. All this naturally ties in with our domestic and foreign policy which is usually buried in news stories. But if the average person doesn't know anything about them, somebody who can interpret them properly can and does interpret them for us by his action in the market. So far such action has not appeared, or if it has, was not of sufficient duration to make much difference.

* * *

The end result for the trader is a continued policy of watchful waiting with all stops in securities held still applying.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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The Wrong Formula

(Continued from first page)

The desire to enforce a higher degree of liquidity upon brokers, dealers and banks for the greater protection of their customers, their depositors and themselves is admirable and should be pursued. But Regulation T has failed to accomplish this ideal because it is based upon the wrong formula that listing alone is an assurance of ready marketability. This same false theory is also found in the Supplement to Regulation U of the Federal Reserve Board, which permits a broker or dealer a maximum loan value at his bank of 75% on listed stocks against only 60% on unlisted stocks. (Supplement effective Nov. 1, 1937.)

Effect

Regulation T has caused bankers universally to frown upon borrowings upon unlisted collateral and to avoid accepting such security whenever possible. While no figures are available, it is believed that banks are being forced, nevertheless, to accept a steadily increasing percentage of unlisted collateral because this business has been driven out of margin accounts to direct bank loans. Banks are not nearly as well equipped to check changes in collateral value as are brokers, and most bank loans are 90 to 180 day time loans. On the other hand, brokers check margins daily and make immediate demand for added security whenever a deficiency occurs. Hence, there has been a decrease in the safety element or the opposite effect desired.

In respect to unlisted securities, Regulation T lessens the dealer's ability to market his merchandise and to maintain better secondary markets. For instance, a dealer convinces an investor that XYZ, an unlisted stock, is a desirable value and meets the investor's individual requirements. This investor decides to purchase 5,000 of XYZ stock, but tells the dealer that he can't make the commitment immediately unless the stock can be carried on margin for 45 days or until certain funds become available. He offers to put up additional unlisted collateral. Alas, the dealer must tell him that a regulation of the Federal Reserve Board prohibits an initial extension of credit against unlisted collateral. The investor immediately begins to think there must be something wrong with all unlisted securities if the Federal Reserve Board has prohibited brokers and dealers from advancing funds against such securities. Frequently, too, the investor will balk at the dealer's suggestion of handling the transaction through a bank loan, due to his newly aroused suspicion of any unlisted issue. As a result, the dealer fails to obtain an order which would help to develop a better market and must, henceforth, contend with an unjustified resistance toward his merchandise.

A broker or dealer, furthermore, cannot finance an investor's purchase on partial credit of preferred stocks such as Clark Equipment, Pet Milk, Masonite and Edison Brothers Stores in spite of the fact that the junior common stocks of these corporations are listed on the New York Stock Exchange.

Nor can he extend credit on any bank stock or the stock of any insurance company, excepting the few in the entire country which are listed. It is ironical that bankers should frown upon unlisted stocks as collateral when, in most cases, the stock of their own institution is traded exclusively in the unlisted market. It is common knowledge that the stocks of big city banks and leading insurance companies enjoy an active market and large blocks can be traded on spreads closer than many of the stocks and bonds listed on the New York and other National Securities exchanges. When investor interest again centers in equities, the realization that they cannot borrow from their broker or dealer may cause the stockholders of these institutions to lose confidence in these securities.

At this point, it would appear appropriate to point out that the Securities and Exchange Act of 1934 (Section 7-c-2) prohibits a broker or dealer from extending credit on any new issue, in which he participates in the underwriting, for a period of 6 months, thus effectively preventing the partial payment investment purchasing of such securities by individuals. Ironically, it does not prohibit a non-participating firm from accepting an unlisted new issue as additional collateral to a margin account already in existence.

Illusion

Regulation T is predicated upon the formula that listing is an assurance of marketability. This is easy to disprove. The record speaks for itself. In 1941, 1239 stocks were traded during that year on the New York Stock Exchange. The total volume in 51 of these stocks ranged from 10 up to 1,000 shares with many wide price ranges. For instance, sale of 140 shares of Wheeling and Lake Erie caused a decline of 19½ points and sale of 820 shares of American Coal resulted in a range of 9½ low to 17 high, with a net gain of 5 points for the year. Is there liquidity or protection to banks or individuals in those listed stocks? Of the 51 stocks, only 10 shares changed hands in 3 issues, 20 shares in 2, and 30 shares in 3 more. Out of the 1,239 stocks, 141 or 11.37% traded to the extent of less than 500 shares a month, or an average of approximately 100 shares a week.

The record of sales of less than 500 shares a month on the New York Curb during 1941 is even more startling—390 issues or 44.21% of the 882 issues traded. Sales of 30 shares caused a 3 point range in Prentice Hall. Sale of 130 shares resulted in a decline of 12 points in Metal Textile preferred. The trading of 397 shares caused a 12 point range in Metropolitan Edison preferred. Perhaps these may be extreme examples but they prove conclusively that a substantial percentage of New York Stock Exchange and New York Curb Exchange stocks should not be preferred collateral, especially by comparison with many over-the-counter stocks that enjoy constant broad markets. The volume percentage, obviously, would be much more glaring on the smaller stock exchanges, like Boston, Philadelphia, Cleveland, Detroit, St. Louis and San Francisco. An SEC release shows that the total volume of trading in June, 1942, in all stocks listed thereon, was only 452 shares on the Washington Stock Exchange and 737 shares on the Chicago Board of Trade. Nevertheless, listing on those exchanges and all other registered stock exchanges provides exemption from certain restrictions in Regulations T and U.

The story is the same on listed bonds, except that generally the daily quotations show far wider spreads between bid and asked prices of the inactive issues. For example: of 1,258 listed issues shown in the Fitch Annual Bond Record for 1941, 918 were corporate, 39 were United States Government direct obligation and guaranteed issues, 3 were New York City bonds, and 298 were foreign bonds. Out of the 918 corporate bonds, 15 issues did not trade at all during the year. In fact, Illinois Central R. R. Sterling 3s, 1951 had not traded since 1936 when they sold at 93, and at Dec. 31, 1941, were quoted 30-70. Cleveland and Pittsburgh Railroad had 7 issues of over $19,000,000 par value listed. Its General B 3½s, 1942, had not traded since 1935, with no bid or asked showing at the end of 1941. Its 4½s of 1981, did not sell; only 1 of its 3½s of 1948 traded and a grand total of only 69 bonds changed hands on the New York Stock Exchange in all 7 issues during 1941. Of the 292 Foreign bonds which traded during the year, 192 or 31.50% sold to the extent of less than 60 bonds or below a rate of 5 bonds a month. Out of 903 corporate issues which sold during the year, the number selling to the extent of less than 5 bonds a month was 140 or 15.50%. The only sale of Providence Terminal 4s of 1956 during 1941 was $1,000 at 87 on Oct. 6. The bid and asked at the year-end was 63-85. On sales of 7 bonds, Florida Central and Peninsular RR 5s, 1943 ranged from 43 to 50, with last sale on Dec. 4, at 49½ and were quoted 20-60 on Dec. 31. After a sale at 121½ on Aug. 29, the market on Gas & Electric Company of Bergen County 5s, 1949, dropped to 96⅛-97 by Dec. 31. Only 6 bonds traded on the Exchange during 1941. There were numerous other examples, but the foregoing statistics should prove conclusively that listing is no assurance of either marketability or liquidity.

Listing Origin Overlooked

The formula of these Regulations places an impediment to the development of sufficient marketability for unlisted stocks to become eligible for listing. It overlooks the indisputable fact that truly liquid listed issues, by the current requirements for listing, must develop marketability first in the Over-the-Counter market. It is essential that there must be developed a minimum number of stockholders, widely enough distributed to offer reasonable assurance that an **adequate** auction market will exist. This is accomplished through the sponsorship of Over-the-Counter dealers and is not obtained merely from the resultant advertising of listing, itself. Trading activity frequently declines in many an issue following listing due to the loss of the dealer sponsorship which had created the Over-the-Counter interest in the stock. The spread between sales and between the bid and asked prices widens, thus reducing liquidity. Obviously, this is not the case where sufficient distribution has been created in the Unlisted market and maintained for several years in that market. Yet during the period of steadily increasing trading activity and broadening distribution, Regulations T and U retard the process by casting a stigma on the issue and retard the Over-the-Counter dealer's efforts to effectuate and maintain a broad market.

Suggested Formula

Indiscriminate lending on unlisted collateral is no more desirable than on listed inactives of small marketability. Then, what should the formula be? It should be based upon proven and established marketability. Qualification of unlisted issues for collateral purposes could be determined by committees representing the National Security Traders Association, the National Association of Securities Dealers, Inc. and the Federal Reserve Board. These committees could agree upon a preliminary list and make additions or eliminations at regular intervals. A fair and equitable formula based upon marketability of the individual issue should be worked out to correct the present injustice to the Over-the-Counter market. This suggestion should command the immediate attention and wholehearted support of all officials of the Federal Reserve System, the Securities and Exchange Commission and the entire Investment Industry, as well as all Corporations whose shares are now traded in the Over-the-Counter market.

References:

Regulation T of the Federal Reserve Board: Section 2-d, Section 3-c, Section 7-b;

Regulation U of the Federal Reserve Board: Supplement effective Nov. 1, 1937;

Securities and Exchange Act of 1934 (Section 7-c-2).

The Securities Salesman's Corner

The Answer To 1943's Problems—Large Unit Sales

There are no obstacles that cannot be successfully overcome in the securities business as long as there are "free markets." The trying years of the thirties are proof that some organizations were able to come through with more stamina and strength than they enjoyed even before the deep depression came along. We remember that these firms changed their "merchandising policies" to meet the times. One firm, we recall, changed its policy from dealing in general market securities to the then depreciated Real Estate bond field, with resulting success and exceptional profits to its clients within about a three-year period. Another turned its attention to Reorganization and Receivership situations. Activity was created because **it was stimulated along the lines that were sound in relationship to prevailing conditions.**

The way we see 1943 in this respect is somewhat like this. The first problem, reduced transportation facilities for salesmen; thereby cutting down on the number of possible interviews. Secondly, the impact of a higher cost of living, increased purchases of "defense bonds" and sharply accelerated taxes upon the average investor—especially those who have formerly received income in the $10,000 to $20,000 per year group. There is no point in denying the fact that this former group of investors will have less available for "cash" investment into securities. Other factors of lesser import which may add their quota of sales resistance are: the general uneasiness over the present world situation, the course of the war itself, and the doubts concerning the post-war economic outlook.

Again, as we view the situation, from the aspect of the merchandiser of securities, we see no point in allowing these realities to overcome our enthusiasm for the business itself, or for the possibilities of a good year in 1943. The thing to do is to turn around and **follow the lines of least resistance.**

Take the problem of reduced transportation. The answer is definitely fewer calls—**but better interviews with larger investors. Increase the unit of sale.** In every community there are a goodly number of larger investors upon whom you never have made a call. Seek them out. Do some intensive study of available markets. Good prospecting in this respect is the first important consideration. Five new accounts in 1943 that can produce a substantial volume of business for you may be more valuable than fifty small investors. It doesn't take any more work and effort to sell a block of $100,000 worth of securities than it does to sell a couple of thousand to the smaller account. As a matter of fact it probably takes less for the larger investor is usually easier to talk with once you know him. He understands investment procedure and he is usually more open-minded to constructive suggestions.

One of the best methods we have ever used in actual practice for opening the larger account is through the medium of **the special situation.** Select a security that you feel convinced has "outstanding features." Then get into the inner workings of that company. Find out all you can about its outstanding securities, its background, its policies, its products—**sell yourself first.** There are companies that have a "story" that you can tell—and that you can make as interesting as any novel ever written. Your "big man" will see it providing you have done a thorough job of research and your situation is really promising.

This may sound like a lot of work—it is just that. But it is work that is constructive—along sound lines that will bring your volume up if you follow through. It is even more of a difficult road to take the "hit or miss" pathway that has no plan to recommend it except the plodding grind that relies solely upon the law-of-averages to bring in the business.

The law-of-averages will still prevail, however, if in 1943 you set up four calls a week on the "larger investors" and plan a campaign for the full year that is designed to increase your "unit volume" of each transaction, well over and above your 1942 average. **The man who believes in himself to the extent that he knows where he is going; has a plan to get there; and who will not allow any discouragement to deter him from reaching his goal—will make 1943 a better year than 1942.**

Wainwright To Admit

H. C. Wainwright & Co., members of the New York Stock Exchange and other leading Exchanges, will admit Lee Schaenen to partnership in their firm as of Feb. 1. Mr. Schaenen will make his headquarters at the firm's New York office, 30 Pine Street.

R. L. Day To Admit Rogers

BOSTON, MASS.—Ellery W. Rogers will be admitted to partnership in R. L. Day & Co., 111 Devonshire Street, members of the New York and Boston Stock Exchanges. In the past Mr. Rogers was with Spencer Trask & Co.

Our Reporter's Report

(Continued from first page)

Two-Way Operation

The revival of insurance company interest in the market has proved a double-barreled boon to some houses since the railroads, although not as active at the moment as recently, are still seeking favorable buying opportunities in their own issues.

Accordingly the firm which is fortunate enough to have standing orders from managements for the purchase of their bonds when the opportunity affords, finds itself pretty much in clover so to speak.

This is once, as some dealers put it, when there is really a minimum of difficulty in seeking to negotiate the needs and desires of two different types of customers.

Banks Sell Municipals

Except for the rather sizeable emissions of new Housing Authority obligations the municipal bond field continues quite bare of new opportunities and consequently some holders are finding the market situation such that the temptation to sell is strong.

This is notably true in the case of banks which have been showing decided inclination that way, presumably in an effort to offset in part at least their vast investments in Treasury war loans.

The latest of commercial institutions to take the step, the Central Hanover Bank & Trust Co. received bids yesterday for a total of $5,560,000 of such bonds in pieces covering 35 different issuers.

Topping this list of offerings were blocks of New York State and New York City issues, and a formidable list of lesser names.

State Banks Get Call

New York State Banks were advised by Allan Sproul, president of the Federal Reserve Bank of New York, this week to put themselves on a "total war basis."

Mr. Sproul, who also is head of the War Loan Advisory Committee for this area, told state bankers at their mid-winter conference on Monday, that although they had accomplished much, there is still a great deal more to do "if future drives are to achieve an equal or greater measure of success in selling government securities to other than banks of deposit."

He could not predict what amount of government securities will reach market in the course of the year, and informed bankers that the Federal Reserve System is prepared to assure banks against any embarrassment through large purchases of governments.

Public Service Co. of N. H.

Unless there is an unexpected hitch, the Public Service Company of New Hampshire should soon be calling for bids on its $22,000,000 of first mortgage thirty-year bonds, carrying a 3¼% coupon.

The bonds were registered last month and hearings were held recently on the proposal, so that the way would appear clear for the call for tenders.

This undertaking also involves $2,500,000 of unsecured serial notes, but that part of the deal is destined for private placement.

New Orleans Bank Stocks Situation Interesting

An interesting analysis of New Orleans Bank Stocks has been prepared for distribution by Woolfolk, Huggins & Shober, 839 Gravier Street, New Orleans, La. Copies of this analysis may be had from the firm upon request.

Calendar of New Security Flotations

OFFERINGS

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. Form A-2. (8-1-42)

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

Registration effective 5:30 p.m. EWT on Sept. 14, 1942

Offered by Floyd D. Cerf Co.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

WEDNESDAY, JAN. 27

METALES DE LA VICTORIA S. A.

Metales de la Victoria S. A. has filed a registration statement with SEC for 1,350,000 shares of common stock and $675,000 production notes, the latter being lawful money of the United States.

Address—Pan-American Ave. and Fourth St., Agua Prieta, Sonora, Mexico.

Business—Company was organized under the laws of the Republic of Mexico on Oct. 23, 1942, for the purpose of engaging in the business of acquiring, exploring, developing and operating mining properties in Mexico, and the milling and marketing of ores and concentrates therefrom.

Offering—Offering price is $10 per unit, lawful money of the United States. A unit consists of a production note in the face amount of $10 lawful money of the United States and 20 shares of common stock. The common stock has a par value of one centavo (Mexican money) per share.

Underwriters—The offering will be made direct to the public by the company, and to brokers and dealers for their own accounts, or through the latter as selling agents of the company. Assuming that the entire issue is sold the proceeds to the company will be $506,250, or $7.50 per unit, the difference representing selling costs and underwriting discounts and commissions. Statement says Ogden C. Chase, Francis Platt and Edward G. Frawley are believed to be the principal underwriters under the Securities Act of 1933, as defined in the regulations of the Commission. The three are officers, directors and promoters of the company.

Proceeds—Net proceeds will be utilized for acquisition of properties and installation of mill and other expenses incident to operation of the mine property.

Registration Statement No. 2-5082. Form S-3. (1-8-43)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMPAL-AMERICAN PALESTINE TRADING CORP.

Ampal-American Palestine Trading Corp. has filed a registration statement with the SEC for 182,000 shares 4% preferred, cumulative non-voting stock, par value $5 per share

Address—1440 Broadway, New York City

Business—The corporation was organized for the purpose of developing trade relations between the United States and Palestine and its surrounding territories; to assist in the development of the economic resources of Palestine and to afford financial aid to commercial, banking, credit, industrial and agricultural enterprises, cooperative and otherwise, in and relating to Palestine. Company was organized Feb. 6, 1942, in New York.

Underwriting—There are no underwriters. The securities will be sold through the efforts of the directors and employees of the issuer

Offering—The offering price to the public will be $5.50 per share, for a total of $1,001,000. Date of proposed public offering is Dec. 1, 1942

Proceeds—A number of schemes for investment by the corporation of the proceeds of this issue have been considered by its directors. No final decisions have been reached, and no commitments have been made, except that, in a general way, and subject to re-examination, the directors believe that the corporation could with profit to itself and with substantial benefit to the economic organization of Palestine, make investments for the purposes indicated in its organization

Registration Statement No. 2-5061. Form A-1. (11-19-42)

Amendment filed Jan. 12, 1943, to defer effective date.

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale. New York, N. Y.

Business—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

Request for withdrawal of specified material filed Nov. 18, 1942

Amendment filed Dec. 18, 1942, to defer effective date

CURTISS CANDY CO.

Curtiss Candy Co. has filed registration statement with the SEC covering 30,000 shares of participating preferred stock, par value $100

Address—622 Diversey Parkway, Chicago

Business—Company is one of the largest and leading candy and confection manufacturers in the United States

Offering—Registrant proposes to offer the participating preferred shares registered, at $100 per share. The entire amount of the consideration received shall be credited to capital account. It is not proposed to pay any commissions or underwriting fees with respect to the sale of the stock. Approximate date of proposed public offering Nov. 25, 1942

Underwriting—There is no commitment of any kind with respect to the sale or underwriting of the securities registered

Proceeds—Will be used principally in the acquisition of similar types of business $700,000; additional farm lands $750,000; trucks $100,000; raw commodities for purpose of stabilizing inventory $250,000; to provide funds for payments under pension and profit-sharing plans for its employees $900,000; in reduction of indebtedness on farm properties $200,000, and for additional working capital $75,700

Registration Statement No. 2-5059. Form A-2. (11-14-42)

Hearing on suspension of registration set for Dec. 15, 1942, as SEC states it has reasonable cause to believe that statement includes "untrue statements of material facts"

DEERFIELD PACKING CORP.

Deerfield Packing Corp. has filed a registration statement with the SEC for $1,250,000 5% sinking fund debentures due Dec. 1, 1954, and 47,215 shares of common stock, without par value. Of the stock registered, 35,715 shares will be reserved for issuance upon exercise of conversion rights with respect to the debentures, and the remaining 11,500 shares will be offered for sale. Company states that it is possible that due to future adjustments in the conversion price, not now anticipated, more than 35,715 shares will be required for issuance upon exercise of conversion rights, and it is intended that present statement shall cover, such additional shares, of any, as may be required for issuance upon exercise of the conversion rights.

Address—Bridgeton, N. J.

Business—Company is engaged primarily in the manufacture of quick-frozen vegetables. The major portion of its frozen products is quick-frozen by the Birdseye process, but the company has developed and uses other processes for quick-freezing for customers who require large packages of frozen vegetables or loose frozen commodities.

Offering—Offering price to the public of the debentures and shares of common stock will be furnished by amendment.

Underwriting—E. H. Rollins & Sons, Inc., is principal underwriter for the debentures with others to be named by amendment. E. H. Rollins & Sons, Inc., is named underwriter for the common stock.

Proceeds—About $487,000 of the net proceeds from the sale of the debentures and common stock are to be used to discharge the balance of $480,000 due on a bank loan in the amount of $600,000, together with accrued interest and premium thereon. Balance are to be added to the company's general funds.

Registration Statement No. 2-5078. Form A-2. (12-29-42)

Amendment filed Jan. 12, 1943, to defer effective date.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956 and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Jan. 4, 1943, to defer effective date

NORTHWEST PUBLICATIONS, INC.

Northwest Publications, Inc., has filed a registration statement with SEC for $382,500 5½% subordinated debentures, due Dec. 1, 1957.

Address—55-63 East Fourth St., St. Paul, Minn.

Business—Engaged in the publication of newspapers in the cities of St. Paul and Duluth, Minn.

Offering—Under the plan of recapitalization the corporation offers a 5½% debenture in the face amount of $100 for each share of its 3,825 outstanding shares of first preferred stock together with all rights to dividends accruing thereon after Dec. 1, 1942. Under the plan of recapitalization, the holders of first preferred may deposit their exchange agreements prior to March 15, 1943, or such later date as may be determined by the corporation, but not beyond May 15, 1943. The plan shall become effective automatically, when holders of 80% of face amount of first preferred deposit their exchange agreements, or by declaration by the corporation, at its option, upon receipt of exchange agreements covering less than such 80%.

Underwriting—The corporation has not entered into any agreement providing a firm commitment for the purchase of subordinated debentures. It has entered into an agreement with Kalman & Co., Inc., Wells-Dickey Co. and Harold E. Wood & Co. to act as dealer-managers. They are to use their best efforts for a period of 60 days following the effective date of the registration statement to effectuate exchange of the securities registered for the corporation's outstanding first preferred stock.

Proceeds—Plan of recapitalization.

Registration Statement No. 2-5080. Form A-2. (12-29-42)

PUBLIC SERVICE CO. OF NEW HAMPSHIRE

Public Service Co. of New Hampshire has filed a registration statement with the SEC for $22,000,000 first and general mortgage bonds, series A 3¼% to be dated Jan. 1, 1943, maturing Jan. 1, 1973.

Address—1087 Elm St., Manchester, N. H.

Business—Company is engaged principally in the generation of electric energy and its transmission, distribution and sale to about 78,300 domestic, commercial, industrial, agricultural and municipal customers in New Hampshire and Vermont. It also manufactures and distributes gas.

Underwriting—To be supplied by post-effective amendment.

Offering—Company proposes to sell the bonds at competitive bidding pursuant to the rules of the Commission. Contemporaneously with the issuance of the bonds, company will issue and sell 3,284 shares of its common stock, no par value, to New England Public Service Co., parent of the company, at a price of $60 per share flat or $197,040, and will issue and sell $2,500,000 face amount of its unsecured notes at private sale to financial institutions.

Proceeds—The aggregate net proceeds of said bonds, notes and common stock will be used to pay principal, premium and 30 days' interest in the redemption of all of the company's first mortgage bonds aggregating $18,929,000 face amount, to pay off bank loans totaling $1,000,000, to purchase from Twin State Gas & Electric Co. the utility properties and other assets of its New Hampshire division $4,281,897, to purchase certain assets from New England Public Service Co. $197,080 and other corporate purposes. All companies are subsidiaries of NEPSCO and transactions are the second step in the proposed simplification of NEPSCO. First step was the recently consummated merger of Cumberland County Power & Light Co. with Central Maine Power Co. Third step contemplates the acquisition by Central Vermont Public Service Co., also a subsidiary of NEPSCO, of the remainder of the assets of Twin State located in Vermont by merger.

Registration Statement No. 2-5076. Form A-2. (12-24-42)

Amendment filed Jan. 8, 1943, to defer effective date.

PUGET SOUND POWER & LIGHT CO.

Puget Sound Power & Light Co. has filed a registration statement with the SEC for $52,000,000 first mortgage bonds series due Dec. 1, 1972, and $8,000,000 debentures due Dec. 1, 1951. The interest rates will be supplied by amendment.

Address—860 Stuart Building, Seattle, Wash.

Business—Applicant's properties consist, generally speaking, of electric, gas, steam heat and telephone utility properties located in the central and western portions of the State of Washington. It is engaged principally in the business of generating, transmitting, distributing and selling electric energy in all or parts of 19 counties in the western and central portions of the State of Washington, comprising approximately 4,500 square miles.

Underwriting—Names of underwriters will be supplied by post-effective amendment. The company proposes to sell both the bonds and debentures at competitive bidding. The invitation for bids will provide that each bid covering the bonds shall specify the coupon rate (which shall be a multiple of ¼%) and the price to be paid to the company for the bonds; and each bid covering the debentures shall specify the coupon rate (which shall be a multiple of ⅛%) and the price to be paid to the company.

Offering—The offering price to the public will be supplied by post-effective amendment.

Proceeds—Net proceeds from the sale of the new bonds and the new debentures, together with general funds of the company, are to be used for: Redemption of the old bonds, series A, in the face amount of $36,039,500 at 101½%, or $36,580,093; redemption of the old bonds, series C, in face amount of $8,850,000 at 102%, or $9,027,000, and redemption of old bonds, series D, in face amount of $13,995,000 at 102%, or $14,274,900, or grand total of $59,881,993. There is pending before the SEC an application under Section 11 (e) of the Public Utility Holding Company Act of 1935, by Engineers Public Service Co.—parent company—to which Puget joined as a party, for the approval of a plan for recapitalization of Puget. This plan, if approved, would reduce the percentage of voting power of Puget owned by Engineers from 77.4% to 1.8%. Engineers has been ordered by the Commission to dispose of its entire interest in the company. Engineers has advised Puget that it intends to comply with this order as soon as it can do so.

Registration Statement No. 2-5077. Form A-2. (12-28-42).

Parks & Leake Join Dickson Inv. Dept.; Duncan To Home Office

R. S. Dickson & Company, Inc., 30 Broad Street, New York City, announce that G. Everett Parks is now associated with them as manager of their investment department and that Charles R. Leake, 2nd, is also associated with them in this department. Mr. Parks was formerly manager of the retail sales department of Josephthal & Co. and prior thereto was in charge of the over-the-counter department of McKelvy & Company in New York. Mr. Leake was with Craigmyle, Rogers & Co. and D. M. S. Hegarty & Co.

Sidney V. Duncan, Assistant Treasurer of R. S. Dickson & Company, is being transferred from the New York City office to the firm's home office, Wilder Building, Charlotte, N. C. Mr. Duncan has been in the New York office since 1932.

Seaboard Outlook Good

The current situation in Seaboard Air Line Railway Company offers interesting potentialities with a favorable outlook, according to a circular just issued by L. H. Rothchild & Co., 11 Wall Street, New York City. Copies of the circular containing details on Seaboard Air-Line and the recapitalization plan offered by the Receivers may be had from the firm upon request.

Study Reveals Future of Towne Securities Bright

The post-war outlook for Towne Securities is the subject of a study by J. L. Schiffman & Co., 60 Broad Street, New York City. Dividends of $73.50 per share have been paid on the preferred stock over a period of the last eight years, the study points out; this leaves a balance of $35 a share in arrears still due.

Earnings of the company, according to the study, are derived mainly from its ownership of a 70% interest in Compania Metalurgica Mexicana, one of the leading mining enterprises in Mexico. These properties are under the administration of the American Smelting & Refining Co. which owns the 30% remaining interest. The subsidiary benefited substantially in the second half of 1942 from increased lead and zinc prices beginning with June; and higher silver prices beginning with September. In addition, company has a new mill for treatment of oxide ores which has permitted an appreciable increase in production.

The study concludes that higher metal prices, plus generally improved conditions in Mexico indicate that results in 1943 should be very satisfactory.

Copies of the study may be had from J. L. Schiffman & Co. upon request.

Investment Trusts

(Continued from page 271)

basic trend of political thought throughout this country, the huge expansion in the supply of money and credit, the prospect of a period of great industrial activity following the war, the reasonable level of equity prices in relation to average corporate earnings and the favorable relationship of common stock yields and bond yields, justify confidence in the longer term prospect for common stocks."

* * *

"What Of 1943?" asks Hugh W. Long & Co.'s "New York Letter." After reviewing the generally brighter prospects for the United Nations, the letter has this to say:

"So far as our own business is concerned, we have experienced a gratifying increase of volume in the closing months of the year just ended, which we ascribe largely to the fact that investors are coming to realize the vital necessity of adequate breadth of diversification and continuous supervision under war conditions.

"An added factor is doubtless pressure for the investment of idle funds which are visibly shrinking in real value under the onslaught of a rising cost of living.

"We believe that these forces will continue to operate ahd that the distributors and sponsors of well managed investment companies may look forward with considerable confidence to the new year."

Dividends

Affiliated Fund, Inc.—Quarterly dividend of 3c per share paid Jan. 15 to holders of record Dec. 31, 1942. Company reported net investment earnings for the quarter at 4½c per share.

National Securities Series

	Jan. 15, 1943 Distribution
Bond Series	$ .12
Low-Priced Bond Series	.12
Preferred Stock Series	.14
Income Series	.09
Low-Priced Common Stock Series	.05
International Series	.01*
First Mutual Trust Fund	.14

*This fund was originally offered late in October.

Dividend Shares, Inc.—A quarterly dividend at the rate of 2c per share, payable Feb. 1 to stockholders of record Jan. 15, 1943.

Bullock Fund, Ltd.—A quarterly dividend at the rate of 15c per share payable Feb. 1 to stockholders of record on Jan. 15, 1943.

Portland Electric Power 6s of 1950

(Continued from page 267)

their valuation of the Portland General Electric stock at $25,800,000 and of the Portland Traction stock at $6,700,000 thus making total valuation of these stocks well in excess of the claim of the Portland Electric Power Income bondholders and providing an equity for the Preferred stockholders. The valuation basis used by the Independent Trustees appears to be far too high and fanciful by comparison with other similar equities.

It is believed by many that fairness will dictate the allocation of all or practically all of the available assets to the income bondholders, with little or nothing allocable to the Preferred stockholders.

The Portland General Electric Company supplies electric power and light service to the City of Portland and some 50 other communities in the territory. It is the major utility in Oregon and its rates are reported among the lowest of any electric power system in the country. It is the largest individual purchaser of power from the Bonneville Power Authority.

The Portland General Electric Company on Dec. 31, 1941, had outstanding $44,008,000 of 4½% and 5% bonds and $5,318,287 of collateral notes due to banks. Property, plant and equipment account after deduction of $5,164,578 of intangibles and $5,399,376 depreciation reserve, amounted to $58,353,005.

Total capital and surplus of Portland General Electric per the Dec. 31, 1941 balance sheet stood at $22,774,255, or $96.17 per Common share. If all the Common shares of Portland General Electric are held to be applicable to the Portland Electric Power Income bonds, the balance sheet book value would equal $1,400 in Portland General Electric Common stock for each $1,000 principal amount of Portland Electric Power Income bonds.

On the basis of the Dec. 31, 1941 balance sheet of Portland Traction Company the net book value of that Company's Common stock, also entirely owned by Portland Electric Power, would equal an additional $320 per $1,000 Portland Electric Power Income bond.

During the past twelve months, Portland General Electric Company has reduced its funded debt over $700,000 and increased net working capital over $900,000. In the same period, Portland Traction Company has reduced its indebtedness over $650,000 and improved its working capital position in excess of $500,000. In other words, Portland Electric Power Company's equity in these two subsidiaries has increased roughly $2,750,000 by comparison with the values given in the foregoing paragraphs.

On the basis of current earnings, which provide a sounder method of evaluating the assets underlying the Portland Electric Power, it is pointed out that the net earnings of Portland General Electric applicable to its Common stock are equal to approximately $110 per $1,000 Portland Electric Power Income bond.

For the 12 months ended Nov. 30, 1942, Portland General Electric's net income was $1,789,965 or $7.55 per Common share. There are 14.57 shares of this stock held by the Trustee for each $1,000 Portland Electric Power Income bond, and total earnings applicable to 14.57 shares amount to $110.

If the value of Portland General Electric stock were placed at a ratio of ten times current earnings which is somewhat below the present average market ratio of similar electric utility equities, the value of the entire issue held by the Trustee for the Portland Electric Power income bonds would amount to $1,100 per $1,000 bond. If the valuation were made on a basis of only five times earnings the value of the Portland General Electric Common would still equal $550 per $1,000 Portland Electric Power compared with the current market of about $350.

These value indications are of course based only on the Portland General Electric stock and give no effect to the entire Common stock issue of Portland Traction Company, also held by the Trustee for the Portland Electric Power Income bonds. A conservative basis for valuing the Portland Traction Co. stock might be on the basis of about three times current earnings and on this basis the estimated 1942 net income of $600,000 for Portland Traction Company would indicate a value of about $1,800,000 for its Common stock, or the equivalent of about $110 per $1,000 Portland Electric Power Income bond.

On the basis of current earnings valuations, therefore, the Portland Electric Power Income bonds would appear to have a sound valuation worth of from $660 to $1,210, or from 2 to 3½ times the current market for the Portland Electric Power Income bonds.

Stated in a different manner, the $16,250,600 outstanding Portland Electric Power bonds at 35 have a total market valuation of approximately $5,680,000 compared with current net income of $1,789,965 for the Portland General Electric Company stock and approximately $600,000 net income on the Portland Traction Company stock, or total current net earnings of approximately $2,390,000. A continuation of these earnings for 2⅓ years would equal the present market price of Portland Electric Power bonds.

The conclusion of negotiations that have been going on for an extended period with representatives of the Bonneville Power Authority should result either in the sale of the electric properties of Portland General Electric to Bonneville or to the granting of a long-term power contract by Bonneville to supplant the present day-to-day basis.

Last summer Bonneville is reported to have bid $55,500,000 for the Portland General Electric properties and additions, with indications that Bonneville would be willing to increase its bid substantially if an agreement could be reached. The asking price, however, was $66,600,000 and an agreement between the company and Bonneville was not reached at that time.

Based only on the Bonneville bid of $55,500,000 and on estimated value of the other assets of Portland General Electric, an approximate value of $750 per $1,000 Portland Electric Power Income bond is indicated.

If the electric properties of Portland General Electric are not sold but the company obtains a power contract from Bonneville on a long-term basis, Portland General Electric would be in a good position to refund its outstanding debt at a considerable saving in interest charges with a consequent substantial increase in earnings applicable to its Common stock owned by Portland Electric Power Company. An early reorganization of Portland Electric Power Company would then be feasible and place the Income bondholders in a position to obtain the full benefit of the earnings applicable to their present bonds.

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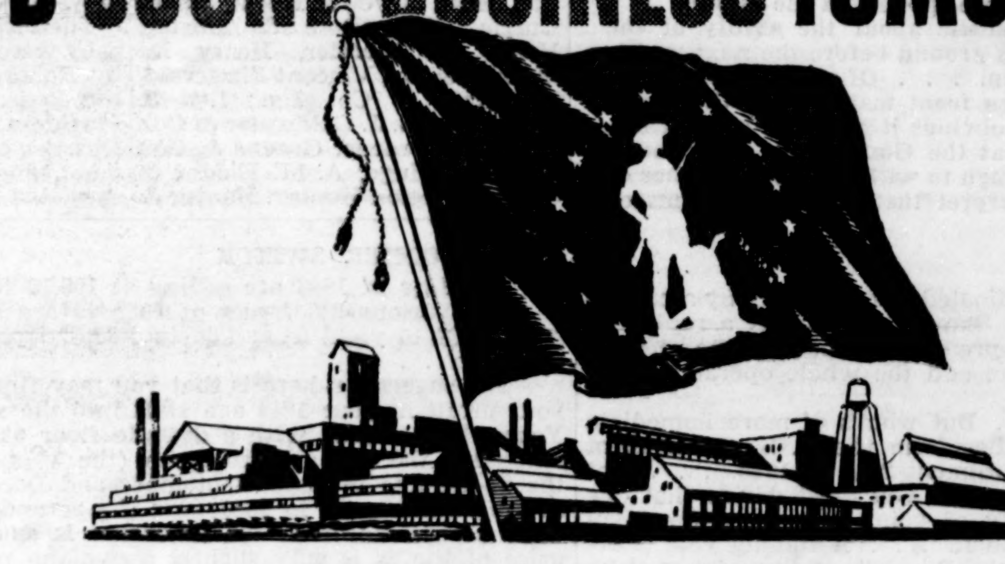
AND SOUND BUSINESS TOMORROW



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Our Reporter On "Governments"

By S. F. PORTER

The Government mart continues to display an inherent strength that is as impressive as anything we've seen in a decade. . . . Considering the news on budgets, the outlook for the debt, the fact that we've just had a record-sized borrowing and are going into another in the spring, the steadiness of the list and the constant demand are of prime significance. . . . You can't look at the market's rise without noting first the background. . . . And once you realize the surrounding factors, you know truly how good a showing the market is making. . . .

A setback of minor proportions does seem in order but apparently, the technical position is so strong that little, if any decline is going to materialize. . . . Instead of falling back the list has been holding under sufficient buying power to indicate a renewed rally may develop before the end of the month. . . . Dealers in New York are optimistic about the ability of the market to advance into new high ground before the next multi-billion dollar financing comes up. . . . Of course some news either on the domestic or foreign front may change this setup over night but that's a factor so obvious it needs no elaboration. . . . The important point is that the Government mart today is in an excellent shape, good enough to withstand any number of shocks. . . . And you can interpret that remark in terms of your own portfolio. . . .

THE CANADIAN ISSUE

The $90,000,000 Canadian issue floated last Thursday by a nation-wide syndicate headed by Morgan Stanley & Co. was a rapid-fire out-the-window deal. . . . Quick premiums appeared, the offering was overscribed within a few hours and the whole operation gave the market a new lift. . . .

That, in itself, was good. . . . But what's of more immediate interest is the possibility of switches from the U. S. Government 1¾s of 1948 to the Canadian Government 2½s of 1948. . . . Not that the change is recommended. . . . You must decide that one yourself, determine the advisability of going into some Canadian loan, see if your portfolio can stand it. . . . Assuming your portfolio can—and a casual glance at the Dominion's financial and industrial status today will reveal how magnificently Canada is managing its war effort—you might like to add some of the 2½s. . . . Bonds due in five years, selling at around 100½, carry 2½% interest. . . . U. S. 1¾s due six months later in 1948, selling around the same price. . . .

There's an intriguing comparison in interest rates here. . . .

ANOTHER SWITCH

Consider the 2½s of 1972/67, selling at 100.29 to yield 2.44% to call date. . . .

Then consider the 2½s of 1968/63, selling at 100.18 to yield 2.46% to call date. . . . And the 2½s of 1967/62, selling at 100.15 to yield 2.46% to call date. . . .

All three bonds are taxable. . . . The 67s are registered, the 68s can be bought in either form. . . .

What's the difference? Why then are the 2½s of 1972 selling at the highest price—particularly when this is the longest issue out? The answer, of course, is simple. . . . The 1972s are the only long-terms that the commercial banks can buy. . . .

And that leads to the point of this switch. . . . Why should a non-bank investor hold the 1972s at that top price when he can switch into a slightly shorter bond and cut his price? . . . If there is a reason, it must be peculiarly personal. . . . As a general policy, a switch from the 1972s into the 1968s or 1967s seems advisable. . . .

This may be of direct interest to insurance companies and industrial corporations. . . . Especially if a profit can be frozen in the 1972s, a probability as most institutions bought these at the issue price. . . .

AND ANOTHER SWITCH

The 1¾s of 1948 are selling at 100.10 to yield 1.67%. . . .

The various 2% issues of 1951/49 are selling at 100.19, 100.21 and 100.24 to yield from 1.86 to 1.89% depending on the month of maturity. . . .

The suggestion here is that you may find it profitable to freeze your profit in your 1¾s and shift into the slightly longer 2s. . . . You've still a bond with a definite floor at par. . . . You're not extending the call date so much (the 1¾s are due in June, 1948; the 2s are due in June, September and December of 1951, callable in the same months in 1949) and if a refunding of the 2s is decided upon before maturity, the extension is small indeed. . . . The price of the 2s is only slightly above the price of the 1¾s. . . . And your current interest return is boosted ¼%. . . .

This may stimulate your interest on two grounds: (1) the coupon is increased without undue extension of maturity risk and (2) the profit you have on the 1¾s is frozen. . . .

INSIDE THE MARKET

Municipal market all but ignored President Roosevelt's reference to tax loop-holes and his obvious implication that tax-exempt municipals belong in this classification. . . . No selling of importance showed up. . . . Reference was expected, was entirely in accordance with known Administration attitude. . . .

As for market's reaction, feeling is that even if Congress does take action on this subject at this session, interest on outstanding State and local issues will remain exempt and only interest on future issues would be subject to income taxes. . . .

Same holds true for taxing outstanding Governments. . . . There's a subject that once held the nation's attention, now is as dead as can be. . . .

Important story from Washington that Congress soon may eliminate FDIC assessment on funds held by banks in war loan accounts. . . . Also action would eliminate these funds from total counted in reserve requirement estimates. . . .

Estimate is that exemption of this money from FDIC assessment and reserve requirements would save the banks as much as $360,000,000, which presumably would be invested in Government obligations. . . .

None seems opposed to idea, Treasury may sponsor move, which banks have been requesting for months. . . .

Dealers turned a pretty penny on their temporary holdings of the December basket. . . . Loans to brokers and dealers a fortnight ago went off $132,000,000 in seven-day period, reflecting repayments of loans by dealers who had subscribed to the December issues on margin. . . . That week, the 1¾s were at a ⅜ premium, the 2½s were at ⅝ premium and even the certificates of indebtedness were above the issue price. . . . The dealers made money on the "carry", turned over the securities at a straight-out profit. . . .

On the subject of "borrowing to buy" Governments, there seems to be some misunderstanding as to terms of bank loans allowed by the Treasury. . . . Advice from Treasury in December was that investors could borrow from their banks to buy Governments as long as the loans were repaid within a six-month period. . . .

Statement of bank supervisory agencies on this was, "in connection with Government financing, individual subscribers relying upon anticipated income may wish to augment their subscriptions by temporary borrowings from banks. Such loans will not be subject to criticism but should be on a short-term or amortization basis fully repayable within periods not exceeding six months". . . . It's worth remembering for the next offering. . . .

Large Attendance Anticipated For Seventeenth Annual Dinner of N. Y. Dealers Association

The seventeenth anniversary dinner of the New York Security Dealers Association will be held on Thursday, Feb. 4, 1943, at 7 o'clock at the Grand Ballroom of The Waldorf-Astoria, according to announcement made by Tracy R. Engle, Engle, Abbott & Co., Chairman of the dinner committee.

Col. Willard Chevalier, publisher of Business Week, who has just completed a tour of the United States, will address members on "War Is Our Business."

Following Col. Chevalier's discourse, Henry G. Riter, 3rd, Chairman of the Board of Governors of the National Association of Security Dealers, will speak on "Benefits to the Public and the Securities Industry through Self Regulation." W. W. Chaplin, radio commentator who has recently returned from Russia, will talk on "Behind the Russian Line." Mr. Chaplin will discuss conditions in Russia and India.

John J. O'Kane, Jr., John J. O'Kane, Jr., & Co., and John F. Sammon, J. F. Sammon & Co., are Vice-Chairmen of the dinner committee which also includes Harold Allen, Allen & Co.; Frank S. Bennett, Brown, Bennett & Johnson; Gustave L. Birnbaum, Birnbaum & Co.; George L. Collins, Huff, Geyer & Hecht; James Currie, Hart, Rose & Troster; Henry De Meester, Henry De Meester & Co.; Vincent Fitzgerald, Fitzgerald & Co., Inc.; Leo J. Goldwater, L. J. Goldwater & Co.; Irving A. Greene, Greene & Co.; Albert C. Hugo, A. M. Kidder & Co.; Wellington Hunter, Hunter & Co.; Hanns E. Kuehner, Joyce, Kuehner & Co.; T. Reed Rankin, R. H. Johnson & Co.; John F. Reilly, J. F. Reilly & Co.; Stanley L. Roggenburg, Roggenburg & Co.; B. A. Seligman, Ward & Co.; Otto H. Steindecker, New York Hanseatic Corp.; Percival J. Steindler, P. J. Steindler & Co.; Abraham Strauss, Strauss Bros.; Stanley M. Waldron, Wertheim & Co.; J. Arthur Warner, J. Arthur Warner & Co., and M. S. Wien, M. S. Wien & Co.

Mr. O'Kane, who is in charge of tickets, reports a good demand for reservations.

Wilson-Jones Officers Guests of N. Y. Exchange

The common stock of Wilson-Jones Co. was admitted to trading on Jan. 18 on the New York Stock Exchange and Fred D. Pitt, President, and Harold F. Graves, Vice-President, were guests of the Exchange and witnessed the first transaction on the floor in their stock. Wilson-Jones Company, in addition to manufacturing loose-leaf books and ledgers and filing supplies, is also producing machine gun cartridge links, fuse caps, electrical terminals for airplane wiring and sundry parts for gun carriages.

The visiting officers of the company were entertained at luncheon by Robert L. Stott, Chairman of the Board, Eugene Lokey, Vice-President, Phillip L. West, Acting Director of the Stock List Department, and Thomas Benton, floor specialist in the company's shares.

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N. Y. Bond Club To Hear Jas. W. Wadsworth, Jr.

The Honorable James W. Wadsworth, Jr., former Senator from New York and at present a member of the House of Representatives, will be guest of honor and speaker at the luncheon of the Bond Club of New York to be held at the Bankers Club on February 5, Albert H. Gordon, President of the Bond Club, announced today. The subject of his talk will be "The War Trend".

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The Business Man's Bookshelf

Carnegie Endowment for International Peace Year Book, 1942—Published by the Endowment, 700 Jackson Place, N. W., Washington, D. C.—Cloth.

Changes in Consumer Buying Practices Resulting from Tire and Gas Rationing—P. D. Converse, Department of Business Organization and Operation, University of Illinois College of Commerce and Business Administration, Urbana, Ill.—Special Bulletin No. 2.

How Management Can Integrate Negroes in War Industries—Prepared by John A. Davis—New York State War Council Committee on Discrimination in Employment—Paper.

Opinions on Charges to Consumers for Small Instalment Loans—Household Finance Corporation, 919 North Michigan Avenue, Chicago, Ill.—Paper.

Lewis B. Scranton Is At Wheeler-Woolfolk

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—Lewis B. Scranton has become associated with Wheeler & Woolfolk, Inc., Whitney Building, members of the New Orleans Stock Exchange. Mr. Scranton was formerly president of Scranton & Co., Inc. and was an officer of Bronson & Scranton, Inc. and Sutherlin & Scranton, Inc. In the past he was connected with Moore & Hyams, Dillon, Read & Co. and the National City Company of New York.

Robinson And Hunter Baum Bernheimer VPs

KANSAS CITY, MO.—Eldridge Robinson and Hayward H. (Pete) Hunter have been elected Vice-Presidents of Baum, Bernheimer Co., 1016 Baltimore Avenue. Mr. Robinson is manager of the firm's trading department; Mr. Hunter is in charge of the corporate department. Both have been associated with Baum, Bernheimer Co. for a number of years.

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The Commercial and
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Volume 157 Number 4144 New York, N. Y., Thursday, January 21, 1943 Price 60 Cents a Copy

Further Transition To War Economy To Be Effected In 1943, Reserve Board Says

While the transition of the economy of the United States from a peacetime to a wartime basis had gone a long way in 1942 it was not yet complete at the year-end and the country, therefore, faces another year of profound readjustment in 1943, according to the Board of Governors of the Federal Reserve System. The Board makes this statement, in a review of 1942 appearing in the Federal Reserve Bulletin for January, 1943. "On the physical side," says the Board, "important shifts are to be expected in the use of manpower, in the production and distribution of goods, and in consumption." "These physical readjustments," it is added, "involving a general tightening of conditions in the civilian economy to meet the war program, will give rise to many problems of a price and financial nature for the people generally and for the regulatory authorities." The Board further says:

"Shortages of workers and materials are likely to be widespread, in industry and and on farms, with consequent pressure on the authorities for price and wage advances. At the same time, producers and distributors, faced with declining business volume, may regard higher prices as essential to maintain earnings."

The Board likewise states that the "exact nature and extent of the physical and financial readjustments in 1943 will depend in part on what further changes are made in the war program as new conditions develop."

From the Reserve Board's "Review of 1942—Transition to War Economy", we also quote:

"In 1942 the economy of the United States was in transition from a peacetime to a wartime basis. According to official announcements, the armed forces had been built up from about 2,000,000 men when the United States entered the war in December, 1941, and were expected to be about 6,000,000 at the end of 1942. During the year about 1,000,000 men were transported abroad in expeditionary forces; additional training facilities were provided for the armed forces in this country; and output of munitions increased fourfold. Merchant ship construction was greatly increased, in an effort not only to offset current shipping losses but also to provide additional cargo space. By the end of 1942 deliveries of completed ships were at a rate of about 12,000,000 tons a year as compared with a rate of 1,000,000 a year earlier, and a further increase was in prospect. Supplies of munitions and other items made available during the year were sufficient to permit substantial increases in lend-lease shipments.

Conversion of Industry

"Much industrial equipment, including a large part of that in the automobile industry, was converted to war production and many new plants were built and

(Continued on page 285)

Ruml Defends His Pay-As-You-Go Tax Plan As Offering Chance to Correct Old System Defects

With the attention of Congress focussed on the question as to the advisability of the adoption of some sort of a pay-as-you-go plan, incident to new tax legislation, recent remarks of Beardsley Ruml, Chairman of the Federal Reserve Bank of New York, on the plan advocated and brought forward by him some months ago, are of particular import at this time. Mr. Ruml, who is also Treasurer of R. H. Macy & Co., Inc., discussed his plan at length in New York at a luncheon of the Advertising Club of New York on Jan. 6. Mr. Ruml pointed out that "a new legislative year has just begun, a new Congress takes up new and unfinished legislative business, and a new opportunity is presented to correct an old defect in our income tax procedure, a defect which has now had the result of putting 27,000,000 income-tax payers in debt for the tax on their last year's income." Mr. Ruml went on to say that "when the Federal income tax bill was passed in this country in 1913, it had a defect which at the time seemed of no practical consequence but which has since come to have the greatest importance. This defect was that a citizen was required to pay in the year 1914 a tax on his 1913 income. In this way, we got started on a vicious practice of paying out of one year's income a tax on the year that had already gone." He added in part:

"I have said that at the time this defect seemed of no practical consequence. The reason is that income tax rates were low and affected comparatively few people. In 1913 the rates began at 1% and the top (normal plus surtax), was 7%. Exemption for a single person was $3,000. Contrast this situation with that which confronts us in the Revenue Act of 1942.

"The consequence of these increasing rates is that the debt which people owe to Federal government for tax on their last year's income has become a national danger. Nothing is to be gained by arguing that people **ought** to have saved the tax on last year's income out of last year's income. The fact is that they did not do it and now they cannot do it.

* * *

"The present system is a bad system for all of us, and it should and can be corrected. It is clear that the government cannot continue for long to be the creditor of some 27,000,000 taxpayers and their families in debt for income tax, particularly when there is no substantial question of revenue involved in skipping a year and getting the whole country on a current pay-as-you-go basis.

"In order to accomplish this desirable objective of getting our income taxes on a current basis,

(Continued on page 284)

GENERAL CONTENTS

Editorials

Page
A Vital Task for Congress 282
How Did We Get This Way? .... †
†Concluding article appeared on first page of Section 1 in issue of Thursday, Jan. 14.

Regular Features

Financial Situation 281
From Washington Ahead of the News .... ‡
Moody's Bond Prices and Yields.... 290
Items About Banks and Trust Cos... 288
Trading On New York Exchanges.. 293
NYSE Odd-Lot Trading 293
‡Appears this week in Section 1.

State of Trade

General Review 285
Commodity Prices—Domestic Index. 292
Weekly Carloadings 294
Weekly Engineering Construction... 291
Paperboard Industry Statistics...... 291
Weekly Lumber Movement 295
Fertilizer Price Index 295
Weekly Coal and Coke Output 295
Weekly Steel Review 290
Moody's Daily Commodity Index.... 294
Weekly Crude Oil Production 292
Non-Ferrous Metals Market 291
Weekly Electric Output 290
Wholesalers' Inventories, Credits (November) 290
Bank Debits for December 294
Fairchild's Retail Price Index(Dec.). 291
Cottonseed Receipts (Dec.) 292
Bankers' Dollar Acceptances on Dec. 31, 1942 293
Retail Food Costs Again Increase... 295
Cotton Consumption in December.. 295
American Zinc Institute Summary. *
Copper Institute Summary .... *
Pig Iron Production .... *
Daily and Weekly Copper, Lead and Zinc Sales .... *
* These statistics omitted from "Chronicle" at direction of the War Censorship Board. (See notice on first page of Section 2 in Aug. 27, 1942, "Chronicle.")

Miscellaneous

Roosevelt's Budget Message to Congress 286
Bank Earnings for 1942:
  United States Trust Co., N. Y..... 282
  New York Trust Co., N. Y........ 288
  Manufacturers Trust Co., N. Y.... 289
  Marine Midland Trust Co., N. Y... 289
  Brooklyn Tr. Co., Brooklyn, N. Y.. 289
Insolvent National Bank Dividends. 289
Equitable Life Offers Farmers New Loan Plan 282
Heads St. Louis RFC Office 285
Congresswoman O'Day Dies 285
Payment On Porto Alegre 7½s 285
Eliot Heads OWI Unit 285
N. Y. Commerce Chamber New Members 289
Cargo Shipbuilding Exceeded 1942 Goal 289
N. Y. Industries Red Cross Drive.... 289
J. P. Morgan and Al Smith Urge Bond Buying 290
Sees Need for Rededication of War Aims 291
Craig Again Heads N. Y. Coffee-Sugar Exchange 291
Arbitration Ass'n to Fete, Pink, Bissell 292
Vargas Hopes for "Decisive Events" In 1943 292
Pay On San Paulo Bonds 293
CCC to Continue Wheat Sales...... 293
Clarify Wage Order for Government Building Industry 294
Lend-Lease for Liberia 295
King George Hails U. S............ 295
Ruml Defends Tax Plan 281
Servicemen's Relief Act Analyzed... 284
Columbia Requires Foreign Bond Purchases 284
1942 Income Tax Forms Available... 284
Sees Need of Private Funds In Post-War Home Building 284
War Bonds Credited Against Victory Tax 287
Dr Butler Honorary Chamber Member 287
Says Food Powerful War Weapon . 283
SEC Issues Railroad Equipment Report 283
Sees Further Transition to War Economy 281

THE FINANCIAL SITUATION

The so-called political difficulties that are being encountered in French Africa should be most instructive to many Americans. If so, they may well be worth a great deal to us. The great danger, or one great danger, is that the censor—and in candor it must be said many of the commentators now engaged with the subject—may continue to make it difficult if not impossible for the American public to obtain a realistic picture of the situation there. The fact is, however, that although many of the wheels within wheels in North Africa are withheld from our sight, it is clear enough that Frenchmen there as in France are divided, and apparently along about the same lines.

Fascism vs Communism

What we are not often told, but what we should be able to decipher for ourselves is that this lack of unity among the French is not merely either an illustration of the perversity of human nature or the work of "Axis agents" performing miracles of disruption. The truth is that the whole of Europe has been in a ferment for years prior to the outbreak of war. Communism as conceived and practiced in Russia had been taking hold of the minds of large numbers of the nationals of nearly all the countries of Europe. Against it rose what is loosely known as Fascism or Nazism, and these conceptions, too, had been spreading rapidly. Both these "ideologies" are still vigorous and virile throughout Europe today. And strange as it may sound to our propaganda-filled ears, there are many men and women in Europe today who, far from troubling themselves greatly about democracy, are convinced that Europe (or their particular country, at least) "must" choose between these two types of absolutism—and not a few prefer Fascism, or its equivalent, to Communism. Here lies the fundamental difficulty of Frenchmen today.

(Continued on page 283)

Peace, Planes and Meddling

We must admit that so far our spiritual front in this war is not as united as it was in the last war. The weakness today is not complacency or apathy. There is a great deal of bewilderment and confusion of purposes.

This is contributed to by the confusion in administration; by criticism of the divergent ideological purposes of our Allies; by the lack of confidence in the news of the war; by tiresome repetition of radio propaganda; by exceeding powers granted by the Congress and by the widespread conviction that the purposes of our administration are not alone to win the war, but to use the war to change fundamentals of American life without submission to the people or their representatives.

Despite all this the American people are united upon the defense of America from attack and are grimly determined to defeat the Germans and Japanese. I believe they are united upon securing lasting peace this time even if they have to use airplanes to garrison it.—Herbert Hoover.

Mr. Hoover's appraisal of the current situation seems to us to be excellent.

We hope, however, that the American people will not suppose, as we are certain Mr. Hoover does not believe, that "securing lasting peace" is so simple a matter as using "airplanes to garrison it." Such methods would no more succeed than would insistent meddling in other people's affairs.

Editorial—

A Vital Task For Congress

The strike in the anthracite mines caused by the exorbitant dues charged by John L. Lewis should and must awaken Congress to the need for action on long deferred reforms in the labor field. Certainly, suffering Eastern residents who had looked upon anthracite as the solution to the fuel oil shortage are becoming so indignant that they will no longer tolerate the evasions and delays typical of Congressional behavior in the labor field these past few years.

Yet, lest the nation feel that the problem is one peculiar to the East, or that the evils result only from the actions of Lewis, it is well to review a few facts that have been overshadowed by the recent military events, and the opening of the new Congress. Some recent happenings will be listed with a minimum of comment:

On December 9, three thousand CIO employees of the Bethlehem Steel Company plant at Johnstown went on strike because of a dispute over **double time for Sunday work.**

On December 18, members of the CIO auto union employed at the Brewster Aeronautical Corporation plants making dive bombers began a **slowdown** strike to force the War Labor Board to grant **their wage increase demands.** The slowdown lasted for nine days and cost the "Government hundreds of thousands of dollars and 336,000 man-hours of work."

On December 21, production of armor plate was curtailed at the Republic Steel Corp. plant in Cleveland because one thousand CIO members struck in a dispute **over double-time pay.**

That same day the CIO steel union also struck at a Rochester war plant, operated by the American Brake Shoe & Foundry Co., in protest because a **foreman was dismissed for incompetency.**

Also, on December 21, the CIO rubber union went on strike in the Goodyear plant at Jackson, Mich., because only **75% of the men were allowed to work on Sunday** and get the usual overtime for work on that day.

On December 28, AFL machinists employed at the Granite City Steel Co., in Illinois, went on strike because the plant put **into effect President Roosevelt's order restricting the payment of double time for Sunday work.**

On December 29, construction of warships at Cramp's yard in Philadelphia was interrupted **because a foreman laid off a CIO official.**

On January 4, nine thousand war workers in the Ford River Rouge plant were made idle, and 44,000 man-hours of work lost because of a dispute over the **reorganization of the maintenance crews.** That same day work was resumed on tank engines at the Chrysler plant after a strike over **demands for wage increases for forty-three testers** in the plant.

On January 16, certain employees of the Bethlehem Steel Company at Lackawanna, New York, went on strike to enforce demands for higher pay because of **the "dangerous work"** they were asked to perform.

Now look back through that list. Note the underlined words, for they are the reasons that war workers and union members went on strike, delaying production of vital war machinery and equipment. Note, too, the dates; they stretch over a six-weeks' period and involve various unions in diverse industries. This is no list of coincidences, it should be representative—though by no means all-inclusive—of what is going on in American industry today.

Yet, how would you, or how would a member of Congress like to have this list circulated among the fighting Americans in the Solomons, or in North Africa?

But the list is not complete; one should not forget that during this period of Nuzzo was convicted and sentenced to prison for racketeering and stealing from members of the Hodcarriers' Union. Nor should one forget to include Mr. Lewis's strike in the anthracite fields, the most serious of all the disputes of the past months.

These strikes, these incidents in the news, are up to Congress. What will it do about it? What can it do about it?

The "Chronicle" ventures the suggestion that Congress should proceed at once to investigate the labor situation. The danger that such investigations may turn into headline hunting and witch-hunting without constructive legislative remedy resulting is recognized, but there is good precedent for hoping that an investigation of the labor problem would be fruitful.

Only a year or so before Pearl Harbor, Rep. Howard Smith of Virginia carried on an investigation of the Wagner Act and the National Labor Relations Board that brought about many healthy and needed changes.

For one thing, the Smith probe forced the President to reorganize the NLRB and dismiss the members most guilty of trying to make that agency an appendage of the CIO. For another, it was responsible for the passage through the House of the Smith amendments to the Wagner Act which if also passed by the Senate might have prevented much of the wrongs in the labor field that have occurred since the war began. Only the most desperate efforts of the Administration prevented the Senate from obtaining the opportunity to consider the Smith amendments. Had they reached the Senate floor they probably would have passed.

In addition, the Smith probe's revelations started and fed the feeling of revulsion against the union-appeasing policies of the Administration that are responsible as much as anything else for the changed trend in the last election.

Yes, the Smith probe certainly justifies the conviction that a new investigation of the labor field now would bring about many healthy reforms, perhaps even bring about the overturn of such feudal overlords as Lewis and others of his ilk against whom even the workers appear ready to revolt.

Congress should not attempt to legislate on the labor problem without such an investigation. The facts about the situation, the evils that need remedying, they must be thoroughly aired so that the Administration will not again dare to bottle up an important reform measure in committee as it did with the Smith bill. If the facts about war strikes, the reasons why these strikes are occurring, and the facts about racketeering are dug out and publicized, then we need not fear that the Administration will dare to oppose the needed changes.

There are many things that the Congress should investigate. It should secure a record on each important war strike, find out the reason for the strike and publicize the average earnings of the strikers, perhaps their age and draft status. Such a probe also should compile and list the number of unions—if any—that are reporting to their members an accounting of how they expend the huge dues and intiation fee rakeoffs they have collected from war workers. The probe should present the few reports that are being made and compare them with the reports required of industry by the SEC.

Such a probe should also delve into the most mysterious of all unknowns in the labor field: the management and finances of the locals of the unions. We know very little about the great and powerful international unions' finances, and the probe should ferret out much more and show the union members what they are getting for their money. But as little as we know about the internationals, we know far less about the locals. In fact, what rank guesswork is available in this field is based entirely upon court records of trials of racketeers, for it is in the locals that the most vicious racketeers operate; it is here that the greatest steals are perpetrated.

It is the ease with which locals can be controlled by mobsters and gangsters that makes a mockery out of the annual conventions of the great international unions and even of the AFL and CIO themselves. For, after all, the delegates to these conventions are simply the representatives of the men who control the locals. It is these locals that extracted the huge dues from workers on the Army cantonments and other such buildings. It was against a local that Nuzzo committed his crimes.

Yes, a probe into the union locals operating in war industries should prove a fertile field for a Congressional investigation. It should shed light that will democratize the unions and bring about the reforms in the places where the individual workers most need reform. Now, we are simply not equipped with the information to frame legislation for eradicating the evils within the unions. We need a probe to get that information. Adequate reform of the locals might prove the remedy for illegal and treasonable strikes as well as for racketeering!

These are only a few topics for investigation that might be considered by Congress. Others could be cited, and others will be developed if such a probe is ordered. **But the time for action is now!** Get the probe started at once so that it may bring about legislative action at the current session of Congress!

Equitable Life Offers Mid-West Farmers New "Prepayment Reserve" Loan Service Plan

"Prosperity funds" now flowing to many farmers in the Middle West as a result of good crops and high prices can be used to set up a "Prepayment Reserve" to meet interest and payment of instalments on mortgage loans under a plan announced Jan. 11 by Thomas I. Parkinson, President of the Equitable Life Assurance Society of the United States, as a service to its farm loan borrowers in that area. Under the new plan, it is announced any Equitable farm loan borrower is privileged to transmit to the company such surplus funds as he can spare, to be held by the company as a prepayment reserve, and applied against interest and mortgage reduction instalments as they fall due.

In discussing the plan, Mr. Parkinson pointed out that widely fluctuating incomes are inherent in agriculture. Good prices and good yields often combine to give good incomes, but just as often poor prices or poor yields result in a temporary shortage of funds. He is quoted as saying:

"Livestock feeding, especially, is subject to extreme variations in profit. Also, one-crop sections, such as the wheat country, are fully dependent a few weeks each year on the whims of nature. These hazards are beyond the control of individual farmers; but added to these risks are the everyday contingencies facing all people, whether city dwellers or those in farming communities—such as added expenses due to illness, accident or other causes. With this new Prepayment Reserve service, Equitable farm loan borrowers may be assured that their mortgage loans will be kept in good standing even under very difficult conditions."

Operating Earnings Of U. S. Trust For Year

In his annual report to the stockholders, Williamson Pell, President of the United States Trust Co. of New York, observed that "much of our effort in this year has been directed toward assisting our country in the financing of the war." Mr. Pell added:

"Since Dec. 7, 1941, we have added $32,606,200 par value to our holdings of United States Government obligations, an increase of 89.6%.

"In addition to these purchases for our own account we have bought in excess of $90,000,000 par value of war bonds and tax anticipation notes for account of others."

In the report submitted at the stockholders annual meeting on Jan. 5, Mr. Pell presented a statement of operating earnings and expenses showing adjustments in surplus and undivided profits, etc., and in part he said:

"Net profits from the sale of securities based on amortized cost amounted to $54,973.05 and were added to securities valuation reserve. In the statement of condition securities are carried at amortized cost, less this reserve.

"Due to the decrease in market value of New York City real estate the management has set up a specific valuation reserve against the company's mortgage investments. For this purpose the sum of $828,000 was transferred from undivided profits and $72,000 from general reserve. There was also transferred from general reserve $100,000 to write down the book value of the banking premises.

"The company now has conservative valuation reserves against all its assets, which are shown in the statement of condition at values reflecting such reserves. In addition $742,506.38 is carried in general reserve."

Mr. Pell also reported that net current operating earnings of the company for the year 1942 were $1 576.655; the current earnings he indicated were $4,239.523, while current expenses totaled $2,662,868. The company's statement of condition was referred to in our issue of Jan. 7, page 67.

THE FINANCIAL SITUATION

(Continued from first page)

Let no one suppose that Great Britain was, or, for that matter is today, free of these influences, particularly those that emanate from Russia. It so happened that, thanks to the English Channel, the British people were given time to forget internal differences and concentrate upon hating and fighting a foreign enemy threatening their very existence, and so today whatever they may think of this or that system of government or social organization they are thoroughly united in fighting Germany to the bitter end. Whether when they have done fighting Nazism, they will in large measure yield themselves up to Communism remains for the future to disclose, but to suppose that the British have been willing to enter their Gethsemane purely for the sake of saving and perpetuating "democracy" as we have always known it in this country, is to betray considerable naivete.

A Reminder

What our experience in North Africa should be doing is to remind us of what we once were supposed to have learned in Versailles—that these issues in world politics are not nearly so simple as many of us have of late appeared to suppose. A good deal else that has been taking place from time to time within the past half year should, moreover, lend support to our North African experience. It was from the first clear enough why this venture in North Africa had been carefully given the appearance of an American enterprise. The French there have the traditional suspicion of the British, particularly the British engaged in what could be subtly planned imperialistic moves. Yet while the British Government itself appears ostensibly at least to have stood by our leadership, the same can scarcely be said of the British public if one may judge by the British press. It is not altogether unlikely that even at a time such as this and even in Great Britain there is a deep dislike of the United States "meddling" in what are regarded as the affairs of Europe.

It, of course, may not be true as repeatedly asserted in quarters ordinarily well-informed that Mr. Stalin is distrustful of both the British and the American governments, and has let it be known that he wishes to be consulted before other undertakings of this sort are set on foot. It may or may not be true that Communist elements looking to Russia for guidance have been active in supporting certain troublesome elements in North Africa. What can not be doubted is that Russia—that mammoth power devoid of the slightest interest in democracy or freedom or any of the other ideas we think we are fighting for—expects to have and will have a strong voice in any rearrangement of world affairs during or following this war. What the attitude of that country will be remains a mystery as deep as those concerning almost everything in that strange land.

Other Complications

Let it be remembered at all times also that in North Africa there are not only Frenchmen to be considered. Large native populations are there which have ideas of their own and which doubtless have heard about the "four freedoms." Their conduct during our occupation of their territory is of vital concern to us and must have an important bearing upon the ultimate success of the venture. To them the struggle in Europe and elsewhere in the world must have an appearance wholly different from what it present to the people of the United States or of Europe. They are already under the yoke of one European power. They must have ambitions to be rid of it. In strict logic we should find it difficult, in view of our professed intentions to take the "four freedoms" everywhere in the world, to give our blessing to the continued presence of the French in North Africa at all. Indeed, it is only by reasoning not unlike that to which Hitler is fond of resorting that we can justify our own presence in that region. The truth of the matter is that the "four freedoms" doctrine is already beginning to break down in actual practice.

Nor is the situation in North Africa sui generis. Throughout the larger part of the British Empire, so far as it remains at the moment under British control, similar questions lie latent. Of this fact, of course, no one is more acutely aware than those in charge of British affairs. It is doubtless for this reason that Mr. Churchill on several recent occasions has apparently taken pains to dissociate himself from the "four freedoms" idea so far as it affects the British Empire. It may be that the virtual revolution that has taken place in Great Britain during the past two or three years has reached or will reach a point by the end of the war where there will be general willingness to see the British Empire largely disintegrate under the application of doctrines such as those which have been preached by President Roosevelt and echoed by Mr. Willkie, but it would appear to be more than hazardous at this time to make any such prediction.

Practical Lessons

Our experience to date should teach us two lessons of immediate practical importance. The most urgent of these is that if we are wise we shall make every effort to avoid raising any of these issues until after victory has been won. The demands of Mr. Willkie and others that we proceed now to obtain agreement to our way of thinking is fraught with the greatest hazards. Such an effort on our part could very well prolong the war a great deal and quite possibly endanger its favorable outcome. The President's warning in his annual message to Congress about getting bogged down in postwar details may indicate that this situation is becoming clear in Washington. It is certainly to be hoped that it is. The suggestion of Vice-President Wallace that world affairs be regionalized may possibly have been intended to assuage European uneasiness. Let us hope so.

The other course suggested by our experience is that we greatly prune our postwar ambitions to bring them within the realm of realities. Should we fail to do so, we shall once again have good cause for serious disillusionment and bitterness when this gigantic struggle is over.

Food As Weapon Is Helping To Win War Declares President, Praising Farmers' War Role

In paying tribute to the farm people of the country on Jan. 12, Farm Mobilization Day, President Roosevelt said that this year, as never before, the entire nation, as well as many quarters of the free world, are looking to the farmers "for the food and other farm products that will help to bring victory."

The President's statement was read over all major radio networks by James F. Byrnes, Director of Economic Stabilization Also participating in the farm mobilization program were Secretary of Agriculture Wickard Maxim Litvinov, Ambassador from Soviet Union; Lord Woolton, British Food Minister; Wei Tao-ming, Chinese Ambassador, and several other military and civilian leaders.

Remarking that American farmers hold a vital place in the entire war strategy of the United Nations, Mr. Roosevelt emphasized that "food is a weapon in total war fully as important in its way as guns or planes or tanks," and he said that other farm products also are weapons.

The President went on to relate how the United Nations are using food as a weapon "with the single aim of helping to win the war" and stated that, since our great food resources are scattered to the ends of the earth, "we no longer have food to waste."

Mr. Roosevelt said that American farmers must feed "our growing Army and Navy" and the civilian families of this country and "must help feed the fighting men and some of the war workers of Britain and Russia and to a lesser degree those of other allied countries." He commended the American farmers for the production victory they won last year, listing it as "among the major victories of the United Nations in 1942."

While saying that this year's task is greater and the obstacles more formidable, the President expressed confidence that "once more our farmers will rise to their responsibility."

The text of the President's follows:

"All over the world, food from our country's farms is helping the United Nations to win this war. From the South Pacific to the Winter front in Russia, from North Africa to India, American food is giving strength to the men on the battle lines, and sometimes also to the men and women working behind the lines. Somewhere on every continent the food ships from this country are the life line of the forces that fight for freedom.

"This afternoon we have heard from some of the military and civilian fighters who look to us for food. No words of mine can add to what they have said.

"But on this Farm Mobilization Day I want to round out the picture and tell you a little more about the vital place that American farmers hold in the entire war strategy of the United Nations.

"Food is a weapon in total war—fully as important in its way as guns or planes or tanks. So are other products of the farm. The long-staple cotton that goes into parachutes, for example, the oils that go into paints for the ships and planes and guns, and the grains that go into alcohol to make explosives also are weapons.

"Our enemies know the use of food in war. They employ it cold bloodedly to strengthen their own fighters and workers and to weaken or exterminate the peoples of the conquered countries.

"We of the United Nations also are using food as a weapon to keep our fighting men fit and to maintain the health of all our civilian families. We are using food to earn the friendship of the people in liberated areas and to serve as a promise and an encouragement to peoples who are not yet free.

"Already, in North Africa, the food we are sending the inhabitants is saving the energies and the lives of our troops there. In short, we are using food, both in this country and in Allied countries, with the single aim of helping to win this war.

"Already it is taking a lot of food to fight the war. It is going to take a lot more to win the final victory and win the peace that will follow. In terms of total food supply the United Nations are far stronger than our enemies. But our great food resources are scattered to the ends of the earth—from Australia and New Zealand to South Africa and the Americas—and we no longer have food to waste. Food is precious, just as oil and steel are precious.

"As part of our global strategy, we must produce all we can of every essential farm product; we must divide our supplies wisely and use them carefully. We cannot afford to waste any of them.

"Therefore, the United Nations are pooling their food resources and using them where they will do the most good. Canada is sending large shipments of cheese, meats and other foods on the short North Atlantic run to Britain. Australia and New Zealand are providing a great deal of the food to American soldiers stationed in that part of the world. Food from Latin America is going to Britain.

"Every food-producing country among the United Nations is doing its share. Our own share in food strategy, especially at this stage of the war, is large, because we have such great resources for production; and we are on direct ocean lanes to North Africa, to Britain, and to the northern ports of Russia.

"American farmers must feed our growing Army and Navy, they must feed the civilian families of this country and feed them well. They must help feed the fighting men and some of the war workers of Britain and Russia and to a lesser degree those of other Allied countries.

"So this year, as never before, the entire nation is looking to its farmers. Many quarters of the free world are looking to them too. American farmers are a small group with a great task. Although 60% of the world's population are farm people, only 2% of that population are American farmers. But that 2% have the skill and the energy to make this country the United Nations' greatest arsenal for food and fiber.

"In spite of the handicaps under which American farmers worked last year, the production victory they won was among the major victories of the United Nations in 1942. Free people everywhere can be grateful to the farm families who made that victory possible.

"This year the American farmer's task is greater, and the obstacles more formidable. But I know that once more our farmers will rise to their responsibility.

"This farm mobilization is the first day ever dedicated by a President to the farm people of the nation. I know that the whole country joins me in a tribute to the work farmers already have done, in a pledge of full support in the difficult task which lies ahead for farmers, and in a prayer for good weather to make farmers' efforts more fruitful.

"Our fighting men and Allies, and our families here at home can rely on farmers for the food and other farm products that will help to bring victory."

SEC Issues Report On Railroad Equipment Mfg.

The Securities and Exchange Commission made public on Jan. 7 the seventh of a new series of industry reports of the Survey of American Listed Corporations. These reports cover the calendar years of 1940 and 1941 for companies with fiscal years ending in the same calendar year, and extend earlier reports which generally covered the period 1934-1940. Report No. 7 includes 18 companies primarily engaged in the manufacture of railroad equipment, all of which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1941.

The SEC summarized from the combined totals some of the more important items in the report. The net sales for the 18 corporations amounted to $740,000,000 in 1941 as compared with $449,000,000 in 1940. The net profit from operations was $109,000,000 in 1941 against $50,000,000 in 1940, and the net profit after all charges totaled $51,000,000 in 1941 and $33,000,000 in 1940, equivalent to 6.9% and 7.3% of sales, respectively. Total dividends paid out by these corporations were $26,000,000 in 1941 against $21,000,000 in 1940. The combined assets of the group totaled $865,000,000 at the end of 1941, compared with $743,000,000 at the end of 1940, while surplus increased to $204,000,000 at the end of 1941 from $173,000,000 at the end of 1940. The total capital stock of these corporations declined from $405,000,000 at the end of 1940 to $389,000,000 at the end of 1941.

Ruml Defends His Pay-As-You-Go Tax Plan As Offering Chance to Correct Old System Defects

(Continued from first page)

I suggested to the Treasury in March of last year and to the Senate Finance Committee in July, a plan which I called the Pay-As-You-Go income tax plan. This plan is to be applied to individuals, not to corporations. Since then there has been a great deal of discussion, many suggestions and a little criticism.

* * *

"The first problem is how to get our personal income taxes on a current basis without paying two years' taxes in one year. The answer is as simple as daylight saving. Let us turn our tax clocks ahead one year. The taxes we have paid last year out of our 1942 incomes are taxes on our incomes received in 1941. We can best solve the problem now by recognizing these 1942 payments to be taxes on 1941 as they really are; and by beginning 1943 by paying on 1943, thereby dropping out the year 1942 from the tax calendar forever.

"In my original testimony before the Senate Finance Committee, I suggested dropping out 1941, but the Treasury preferred that if any year was to be dropped, it should be 1942. Now that 1943 has already begun it is clear that the Treasury is right, and that 1942 would be a better year to skip. It is unfortunate that action could not have been taken in time to make practical the skipping of 1941. The year 1941 would have been a much better year to be skipped for many income-tax payers who are serving the people of the United States in the armed forces or in the Federal civil service. Perhaps some method can be worked out to give them the choice of 1941 or 1942. I hope that this can be done.

"The question arises at once in everyone's mind, how can we drop an income-tax year out of the calendar in this way without having the Treasury lose a lot of money that is badly needed for the war effort? The answer is that we shall all go along paying our income taxes as we have before, only they will be on a current basis. The Treasury will also go along getting its revenues. The only difference is that when a taxpayer dies or ceases to receive income he will not owe income tax as he does under the present system. Reduction of tax payment by the taxpayer as a result of setting the tax clock ahead occurs only at some future date, when and as the taxpayer's income ceases or declines. The reduction is therefore spread over the whole life-time of the present income-tax paying generation, and occurs beneficially for each taxpayer at the time when his income fails."

* * *

Stating that there is "a special reason why the liabilities which have arisen under our income tax procedure may properly be set aside as I have suggested."

Mr. Ruml said "these liabilities are not debts such as those which arise in the exchange of money, property, or services between private individuals. They cannot be removed by bankruptcy proceedings. On the contrary, they are the result of a unilaterally imposed levy by a legislative body under a traditional practice of assessment recognized by all to be defective. This practice was in fact so defective that in 1942 not only was the income-tax debt itself so imposed, but the amount of the debt was not established until Oct. 21, 1942, nearly ten months after the taxable year began.

"There would therefore appear to be neither practical nor ethical grounds of a general character for not cancelling the old income-tax liability if that seems the best way of solving our problem. Moreover, in view of the defect and delay in our income-tax law there is sound and just reason why the correction should now be made. At this time when citizens will bear more tax burden than ever before, and when the expectation of additional burdens is in the minds of all, Congress may well extend a friendly and a helping hand to the nation's taxpayers. Congress may well remove the distress of income-tax debt from the unfortunate whose incomes fail, and the fear of income-tax debt from the rest of us."

"Broadly speaking," said Mr. Ruml, "what will the plan accomplish?" He went on to say:

"The Pay-As-You-Go income tax plan is a three-way plan.

"First of all, it is a plan that will relieve thousands of citizens from hardship and distress arising from income-tax debt, and that will bring peace of mind to millions more who are in income-tax-debt danger.

"Second, it is a method for clearing the decks for an all-out war-financing program. If we can all be free of income-tax debt on the first of next year, we can start on a pay-as-you-go basis and stay there. If we need high withholding taxes we can have them; if we need to supplement voluntary savings with compulsory savings, we can do that too. But whatever is called for, it would be paid out of the current year's income as an assessment on the same year's income. We would not be paying for dead horses while we are fighting a war.

"In the third place, the Pay-As-You-Go income tax plan is the best kind of financial planning for the post-war period. Our policies can then be forward looking, not backward looking. We will not be trying to collect income taxes from people who are unemployed; we will not be debating whether we should collect taxes on 1941 incomes from men demobilized from the armed forces. We will not have a spending spree in the first little boomlet, financed on unpaid taxes, and then a tax-debt headache if incomes should drop off for a year or so."

Making the statement that "the chances of getting the new year 1943 on a pay-as-you-go basis seem to me to be distinctly good," Mr. Ruml continued:

"I feel that a Pay-As-You-Go plan in a form acceptable to Congress will certainly be adopted, because income-tax payers want to pay their taxes on a current basis, they want to be free of income-tax debt and they know it can be done without hurting the Treasury and without paying two years' taxes in one. The taxpayers know that Pay-As-You-Go solves the problem simply and fairly by skipping an income-tax year. They know the whole trouble was caused by a basic defect in our income-tax law which has existed from the beginning, that of paying a tax on **last year's** income out of **this year's** receipts. This defect was not their fault and they know it. They want it corrected and they want to be on a pay-as-you-go basis in 1943.

"Enough time has elapsed since the plan went to the Treasury and since it was made public before the Senate Finance Committee to permit the development of criticism, suggestions, and modifications of the plan. The critics have not been negligent and I feel sure that the objections which have been raised are the result of painstaking examination. At the same time, the lack of force in the objections which have been made to the plan has been apparent to press and public alike and has been the subject of nation-wide comment.

"It seems to me that we are rapidly approaching the time when the Pay-As-You-Go plan will be in the realm of legislative action. The needed decisions and compromises are the appropriate responsibility of Congress. The evidence is in. Let us have earnest consideration and early action.

"As a nation of individuals we will be better able to meet the present and to attack whatever the future has in store for us if we are paid up in our income tax, and, being out of income-tax debt, we can pay as we go out of what we earn."

Servicemen's Civil Relief Act Analyzed

An analysis and interpretation of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, has been prepared by the Consumer Credit Department of the American Bankers Association and is being sent in booklet form to the Association's entire membership, it was announced on Jan. 7 by Walter B. French, ABA Deputy Manager in charge of the department. The booklet is designed to serve as a ready-reference manual of the Act for the use of banks and is divided into eight major sections accompanied by an index table which simplifies the finding of specific provisions of the Act and interpretations of those provisions. In a foreword to the booklet, the Association's Consumer Credit Department points out that:

"The Soldiers' and Sailors' Civil Relief Act has a direct bearing on bank policy and procedure in making loans to individuals of draft age and their dependents. Its provisions may affect the bank's right to obtain repayment of loans that have already been made or may be made in the future.

"Since many important changes have been made recently in the 1940 Act, this analysis, covering the complete Act, as amended, has been prepared by the office of the General Counsel of the American Bankers Association for the guidance of the banks of the country."

The eight sections of the booklet deal with the following major points: Persons protected by the Act; period of protection; the relief granted by the Act to servicemen; relief to non-servicemen; special statutory provisions; special problems related to endorsers, collateral, and similar considerations; the penalties imposed by the Act, and minor provisions.

Additional copies of the booklet may be obtained from ABA headquarters.

Colombia Requires Nat'l Defense Bond Purchase

The following information was contained in a wireless dispatch to the New York "Times" from Bogota, Colombia, Dec. 29:

"A law authorizing an internal loan of 60,000,000 pesos passed by the recent Congress requires an investment in a number of instances in "national economic defense bonds" to be issued for the loan. Foreign capital brought into the country must be invested in bonds up to 20% of the total. This includes travelers' checks and drafts for the expenses of visitors and is expected to affect the tourist trade, which has been increasing chiefly from American employees of the Canal Zone no longer able to spend their vacations in the United States.

"It is understood this requirement also hits semi-official organizations such as the Rubber Reserve Corporation, which brings money into the country to buy raw rubber.

"Savings banks are required to invest 20% of their deposits and insurance companies 10% of their reserves in these bonds."

Large Supply Of Private Funds Needed For Post-War Home Financing In Illinois-Wisconsin

Post-war planning for $500,000,000 of private capital for mortgage financing of new homes in Illinois and Wisconsin was disclosed by A. R. Gardner, President of the Federal Home Loan Bank of Chicago, which serves the thrift and home financing institution in these two States. This sum, it is stated, will be needed and avail the first five years after the war to build as many non-farm houses in Illinois and Wisconsin as were built in the last five pre-war years, it is pointed out. Mr. Gardner said that with the funds flowing into the savings and loan associations nowadays, the devices being used to invest these funds and keep them available for post-war greater demands, and the facilities of the Federal Home Loan Bank system, private capital will be ready and eager to do this job, and a bigger one if necessary. The Chicago Home Loan Bank reports that according to the recently published figures from the 1940 census, 118,736 houses were built in urban and rural non-farm areas in Illinois and Wisconsin in the period 1935-1940. Mortgage loans to build them averaged $3,500 where the money was supplied by savings, building and loan associations, leading source of mortgage money. Assuming the cost of construction to be about the same after the war as the average for the last decade of the thirties, $414,296,000 will be needed to build a like number of houses.

"Savings, building and loan associations will be called on to supply at least $150,000,000 for the first five years' post-war home building, since they have been the source of between 30 and 40% of home financing in these two States in recent years," said Mr. Gardner. He added:

"These are the institutions whose supply of funds is a direct responsibility of the Federal Home Loan Bank System. There is every reason for thinking that they, with the use of supplementary funds from the Federal Home Loan Bank of Chicago, available to them up to 12 times their capital stockownership in the Bank, will be able to supply even more than this possible $150,000,000 in this district. Associations have been receiving more money than their current mortgage loan demand for several months in most localities, and expect to continue to do so in many localities for the duration. Hundreds of them are putting the extra money into government securities and can get cash to lend home owners after the war by liquidating the shorter term paper. They can use longer term issues as collateral for advances from the Federal Home Loan Bank up to 100%. For this reason associations are beginning to buy more of the negotiable government issues.

"The Federal Home Loan Bank system as a whole will be in an unusual position to do its part in supplementing the local funds available for mortgage loans by its ability to float debentures in the capital market. Its position there is prime, it having retired in recent months debenture issues totalling $44,000,000."

1942 Income Tax Forms Made Available

About 180,000,000 forms for individual income tax returns on 1942 income were printed and made available for distribution during the current month to the Nation's 64 Internal Revenue Collection Districts, it was announced recently by Commissioner Guy T. Helvering of the Bureau of Internal Revenue. The advices from the Bureau of Internal Revenue further said:

"Because of the war, the forms are being sent literally around the world. Supplies of them have been requisitioned by both the Army and the Navy for use of men and women in the services. The Army requested a sufficient number to supply the personnel of scores of military posts outside the continental United States. The Navy requested shipment of forms to shore stations throughout the United States, for allotment to its ships.

"In two instances, Army commanders in foreign war zones asked for and received authority to use their own resources to reproduce the forms in sufficient numbers to meet the needs of their troops. Cargo space thus was saved.

"Congress has authorized deferment of income tax returns and payments for members of the military and naval forces who are on sea duty or are outside the continental United States at the time the returns and payments fall due, but the Internal Revenue Service was informed that many such fighters probably would prefer to file their returns at the usual time.

"Forecasts have come from Internal Revenue collectors that the simplified individual income tax return, officially designated as Form 1040 A, will find wide favor among those reporting on 1942 incomes. This form may be used when the income of the taxpayer —including the total incomes of a man and wife making a joint return—does not exceed $3,000, and when there are no sources of income other than salary, wages, dividends, interest and annuities. Its use also is limited to 'cash basis' returns, which means, generally speaking, that the taxpayer does not keep a set of books.

"Use of the simplified form eliminates all but a very few calculations for the income tax payer, and the form is self-explanatory as to these few. After determining from them the amount of income subject to tax, the taxpayer ascertains at a glance, from tables on the back of the form, the amount of tax he owes.

"The tables make allowance for personal exemption, earned income credit, and deductions aggregating 6% of gross income. This percentage is used as an average of the deductions which would be claimed if the simplified form were not available.

"The Internal Revenue Service officials expect the simplified form to be especially popular among the several million Americans who in 1943 will pay income taxes for the first time.

"If the taxpayer's 1942 gross income exceeded $3,000, or came in whole or in part from sources other than salary, wages, dividends, interest and annuities, it is necessary to use Form 1040 in making a return. This form calls for detailed statements on income and also on all expenditures which are claimed as deductions.

"Form 1040 A may be easily recognized because it is a single sheet printed on buff paper. Form 1040 is a two-sheet fold, on white paper.

"A four-page instruction circular accompanies Form 1040. It gives a digest of the principal income tax requirements applying to individuals."

The State Of Trade

Reports from most industrial quarters continue to reflect a high level of activity, with weekly gains all along the line.

Steel production for the current week will reach a high since October, the American Iron & Steel Institute announced. Schedules provide for use of 99.8% of rated capacity, against 99.3% last week, a gain of half a point. The current schedule is equal to 1,707,300 net tons for the week, against 1,698,700 tons for the preceding week and 1,678,200 tons for the like 1942 period. The industry's record week was that beginning Oct. 26, 1942, of 1,729,500 tons. Output for the weeks beginning Oct. 12 and 19 also were larger than for the latest week.

A new record may be established this month in production of steel plates for ships, the magazine "Steel" reports. The increased shipbuilding program has brought requests to strip mill operators to roll more plates than in December.

Meanwhile the outlook for new freight cars is for a somewhat larger building program this year as the roads are in need of more rolling stock to meet demands of war transport.

Electric power production registered another increase in the week ended Jan. 9, totaling 3,952,587,000 kilowatt-hours, a gain of 13.8% over the 3,472,579,000 in the 1942 week, according to the Edison Electric Institute.

Output in the week ended Jan. 2 totaled 3,779,993,000 kwh., against 3,288,685,000 kwh. in the like period a year ago, an increase of 14.9%. In the week ended Dec. 26 the aggregate was 3,655,926,000 kwh., against 3,234,128,000 kwh. a year earlier, a gain of 13%.

The widest gain was on the Pacific Coast, where the rise was 25%. The Southern States' output was up 22.7%, while the West Central area gained 13.6%. The smallest rise was in the New England area, where the increase amounted to only 2.7%.

Carloadings of revenue freight for the week ended Jan. 9 totaled 716,272 cars, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 95,224 cars over the preceding week this year, 20,700 cars fewer than the corresponding week in 1942 and 4,637 cars above the same period two years ago.

This total was 115.35% of average loadings for the corresponding week of the 10 preceding years.

Department store sales on a country-wide basis were up 6% for the week ended Jan. 9, compared with the same week a year ago, according to the weekly figures made public by the Board of Governors of the Federal Reserve System.

Store sales were up 10% for the four-week period ended Jan. 9, compared with last year.

Department stores sales in New York City in the week ended Jan. 9 were 6% smaller than in the comparative 1942 week, and in the four weeks ended Jan. 9 were 3% larger than in the comparable period a year ago, the New York Federal Reserve Bank reported.

For the first time since last summer, retail dollar sales last week dropped below the previous year, showing a decline of 2 to 6%, Dun & Bradstreet, Inc., reports in its weekly review.

This decline, however, as the publication points out, compared with the crest of the stock-up buying wave in 1942. As a consequence, some retailers did not believe it marked a significant change in the trend.

A critical situation is developing rapidly in manpower, which will seriously affect not only war production, but the entire civilian economy, according to authoritative sources. Eleven of every 15 men between the ages of 18 and 38 will be in the armed services before the end of 1943. Some of the remaining four will be in war industries, leaving comparatively few for civilian-goods industries. Retailing and similar trades are advised to employ persons more than 38 years old, especially women.

An increase in self-service operations throughout retailing is forecast in the months ahead. The man-power situation, it is believed, will make action along such lines mandatory.

Studies recently compiled by the United States Chamber of Commerce indicate a rather long period of business prosperity after the war, William J. Moll, field director of that organization, told members of the Market Research Council at a luncheon recently.

Mr. Moll said the studies indicate, among other things, that 2,590,000 people in the United States will buy, or attempt to buy, automobiles within six months after the termination of hositilities. Approximately 1,715,000 intend to buy refrigerators, he said, and 1,260,000 intend to buy washing machines. Millions of others plan to make purchases of other products, including radios, sewing machines, furniture and stoves.

It was significant, he said, that approximately 1,015,000 families expect to build or buy new homes immediately after the war. These homes ranging in price for the most part from $3,000 to $10,000 would represent a total expenditure of about $5,000,000,000, he estimated.

These figures, Mr. Moll explained, were based on personal interviews with approximately 12,000 consumers scattered throughout the entire United States. They indicate rather conclusively that the public demand will prove much greater than is generally supposed.

And American productive capacity will be equal to the demands made upon it, Mr. Moll told his listeners. We will have the biggest plant capacity in history, the largest supply of raw materials, both natural and synthetic, we have ever had and the largest number of skilled workmen.

Gulledge Named Mgr. Of St. Louis RFC Office

Jesse Jones, Secretary of Commerce, announced on Jan. 12 that Glenn Gulledge has been appointed Manager of the St. Louis Loan Agency of the Reconstruction Finance Corporation to succeed John W. Snyder, who has resigned to accept a Vice-Presidency in the First National Bank of St. Louis, Missouri. The announcement added:

"Mr. Gulledge has been connected with the St. Louis Loan Agency since the organization of the RFC in 1932, having risen to his present position of Assistant Manager through numerous promotions in the organization. He has been in active charge of the St. Louis office for the past several months.

"Prior to his connection with the RFC Mr. Gulledge had several years' experience in banking in Southern Illinois and during the period 1930-1932 was associated with the Federal Intermediate Credit Bank of St. Louis.

"Mr. Snyder was brought to Washington by the Board of Directors of the RFC in July of 1940 to assist in the organization of Defense Plant Corporation, of which he has been Executive Vice-President since its formation.

"Mr. Jones stated that arrangements have been effected with the First National Bank of St. Louis so that Mr. Snyder may devote a substantial portion of his time to the operation of Defense Plant Corporation for the present."

Further Transition To War Economy To Be Effected In 1943, Reserve Board Says

(Continued from first page)

equipped. Furthermore, many additional projects were being completed, providing additional capacity for production of scarce materials as well as for manufacture of finished war products. Industrial production as a whole increased from 168% of the 1935-1939 average in December, 1941, to an estimated 194 in December, 1942, notwithstanding curtailment of production for civilian use. In an effort to conserve scarce materials for war production, considerable essential information was gathered and systems of priorities improved and in some instances replaced by direct allocation and inventory control.

"In the conversion process many skilled workers were made available for war production and many new workers, chiefly women, were drawn into the labor force. Toward the year-end action was being taken by the manpower authorities to prevent undue shifting of workers from one job to another and to keep adequate numbers of trained workers in war industries and certain essential civilian lines.

Maintenance of Consumption

"Curtailment of output of certain goods for civilian use, particularly metal products, was reflected to some extent in retail markets, but only slowly in most instances. Production of most consumer goods continued at a high level, and by the time output was curtailed in selected lines, producers and distributors generally had on hand large stocks of such items. Consequently, except for a few products, notably automobiles, tires, and petroleum products, consumer goods were freely available for purchase during most of the year; only at the year-end were scarcities appearing in retail markets for a substantial number of items, including various foods. Rationing programs were developed and adopted to ensure equitable distribution of a number of scarce essential commodities.

Price Controls

"On the financial as well as the physical side, the transition to a wartime basis was accelerated in 1942. Total war appropriations and contract authorizations rose from $64,000,000,000 at the end of November, 1941, to $206,000,000,000 in June, 1942, and $238,000,000,000 in November, 1942. War orders increased sharply, and war expenditures expanded without a corresponding rise in taxes and savings. Thus, the upward pressure on prices was greatly increased. In the early part of the year prices at retail as well as at wholesale advanced rapidly, with some of the heavy buying at that time representing purchases in advance of needs, for protection against possible scarcities. To maintain orderly price conditions and thereby to promote the war effort, action was taken in May by the Office of Price Administration to stabilize prices of most goods at the highest levels reached in March. This action was taken under authority of the Emergency Price Control Act passed toward the end of January. Maximum rent ceilings were set up for an increasing number of localities as a part of the effort to stabilize the cost of living.

"During the period from March to September most retail prices showed little change, but food prices, many of which were uncontrolled at existing levels, continued to advance. Wage-rate increases were also substantial in this period. In October, at the re- by the Office of Price Adminis- passed an amendment to the Price Control Act providing for stabilization of prices of commodities previously not under control and for stabilization of wage levels, both with certain qualifications. The same amendment provided authority for appointment of a Director of Economic Stabilization. In a tax measure adopted in October, the annual yield of Federal taxes was increased by about $7,000,000,000, with the bulk of the increased payments coming from individuals. In the calendar year 1942, net receipts from Federal taxes totaled over $16,000,000,000. Meanwhile, individuals were saving an increasing proportion of their incomes, chiefly by buying war bonds, paying off instalment and other debts, and accumulating currency and deposits.

"Supply conditions for some commodities became more favorable than had been anticipated earlier in the year. Domestic production of many farm products reached record levels, and imports of some materials, notably wool, were larger than had been expected. As a result of all the diverse elements in the situation, including established controls for most commodities, such price increases as occurred were small in most markets after March. Food prices, however, continued to advance, reflecting increases in prices of uncontrolled items, and also in price ceilings of some controlled foods. The cost of living at the year-end was about 20% higher than in the period of virtual stability from 1939 to early 1941, 5% higher than in March, 1942 and 2% higher than in September, 1942.

Wage Controls

"Reflecting continued growth in demand for labor and the transfer of workers to the armed forces, there was a continued upward pressure on wage rates and salary levels. By order of the Director of Economic Stabilization, responsibility for salary level limitation was given to the Treasury and the War Labor Board, and the jurisdiction of the War Labor Board was extended to all wage-scale changes for workers not on farms, including changes mutually agreed upon by employees and employers. Acting under this wage control arrangement, the War Labor Board adopted a general policy of rejecting requests involving increases of more than the 15% cost-of-living rise from January, 1941, to May, 1942. A considerable number of increases continued to be allowed, however, for industries in which previous raises had amounted to less than 15%; for industries where wages were at substandard levels; and for industries where, in view of special circumstances, increases appeared essential to promote the war effort.

"In manufacturing industries, average hourly earnings were about 90 cents in October, reflecting in part overtime payments in war industries, where the work week was typically 48 hours or more. In December, 1941, the average had been 79 cents. Thus, the rise in this period was 11 cents, part of which was due to an increase in the proportion of workers employed in the war industries, where wage rates were relatively high and where the amount of work at overtime rates was unusually large.

Fiscal and Monetary Developments

"In fiscal affairs the period since Pearl Harbor has been one of rapidly increasing expenditures, and of sharply increased borrowing, with higher tax receipts offsetting only in part the rise in outlays. Expenditures for war purposes rose from about $2,000,000,000 in December, 1941, to $6,000,000,000 in December, 1942. Further increases in expenditures, in tax receipts, and in borrowing were in prospect.

"Bank purchases of United States Government securities continued in large volume. Nearly half of the increase in the public debt during 1942 was acquired by the banking system, including commercial banks and Federal Reserve Banks. As a consequence the proportion of commercial banks' loans and investments that was in United States Government securities increased from about two-fifths to over half during the year. Bank deposits rose accordingly, thus increasing required reserves and reducing excess reserves. Another drain on excess reserves came from an accelerated increase of money in circulation which reflected chiefly the growth of payrolls, the rise in consumer expenditures and retail prices, the removal of many persons from their customary homes and bank connections, and increased holdings of idle currency.

"As a result of these developments, member bank reserves in excess of requirements declined sharply during the year. Most of the decrease occurred at central reserve city banks in New York and Chicago, where Treasury receipts from taxes and security sales exceeded Treasury expenditures. In view of this situation, reserve requirements on demand deposits at member banks in central reserve cities were reduced by the Board of Governors of the Federal Reserve System, in August, September, and October, by gradual steps from 26 to 20%. Additional reserves were supplied to banks through purchases of Government securities by the Federal Reserve Banks. For the year as a whole the System's holding showed an increase of $3,800,000,000."

Ex-Congresswoman Dies

Mrs. Caroline L. G. O'Day, former Representative at Large from New York State, died on Jan. 4 at her home in Rye, N. Y. She was 67 years old. Mrs. O'Day was elected to the House as Congresswoman at Large in 1934 and reelected in 1936, 1938 and 1940. Due to failing health, she did not seek reelection last November. A close friend of President and Mrs. Roosevelt, Mrs. O'Day frequently promoted social legislation and was a leading spokesman for labor. She had been leader of Democratic women of New York State for many years. Both the President and Mrs. Roosevelt sent messages of sympathy to Mrs. O'Day's family.

Pay On Porto Alegre 7½s

Ladenburg, Thalmann & Co., as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 7½% sinking fund gold bonds external loan of 1925, that funds have been deposited with them, sufficient to make a payment, in lawful currency of the United States of America, of 13.975% of the face amount of the coupons due July 1, 1940, amounting to $5.24 1/16 for each $37.50 coupon and $2.62 1/32 for each $18.75 coupon.

Pursuant to provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby. No present provision, the notice states, has been made for the coupons due Jan. 1, 1932, to Jan. 1, 1934, inclusive, but they should be retained for future adjustment.

Eliot Heads OWI Unit

Representative Thomas H. Eliot (Dem., Mass.) who was defeated for re-election, has been appointed chief of the British Division in the London Bureau of the Office of War Information. Mr. Eliot was General Counsel of the Social Security Board when its chairman was John G. Winant, present Ambassador to Great Britain.

Text Of The President's Budget Message To Congress

Following we present the full text of the Budget Message submitted to Congress on Jan. 11 by President Roosevelt. The General Budget Summary, a tabulation, which we have taken from the Summary Budget Statements, and will be found on page 288, shows comparatively the estimated receipts and expenditures for the fiscal years 1944 and 1943 and the actual figures for 1942.

In our issue of Jan. 14, page 202, we published a detailed account of the President's Budget Message.

To the Congress of the United States:

I am transmitting herewith a war Budget exceeding $100,000,000,000 for the fiscal year beginning July 1, 1943. Last year I called the Budget an instrument for transforming a peace economy into a war economy. This Budget presents the maximum program for waging war.

We wage total war because our very existence is threatened. Without that supreme effort we cannot hope to retain the freedom and self-respect which give life its value.

Total war is grim reality. It means the dedication of our lives and resources to a single objective: Victory.

Total war in a democracy is a violent conflict in which everyone must anticipate that both lives and possessions will be assigned to their most effective use in the common effort—the effort for community survival—Nation survival.

In total war we are all soldiers, whether in uniform, overalls, or shirt sleeves.

Budgeting for Total War

War Expenditures

The huge and expanding rate of war expenditures shows our determination to equip our fighting forces and those of our Allies with the instruments of war needed for victory. Monthly expenditures for war purposes amounted to $2,000,000,000 just after Pearl Harbor; they now exceed $6,000,000,000 and they will average more than $8,000,000,000 a month during the fiscal year 1944. For the whole of the current fiscal year total war expenditures are now estimated at $77,000,000,000; for the next fiscal year, at $100,000,000,000. These estimates include the net outlays of Government corporations for war purposes and assume only a small rise in prices.

Victory cannot be bought with any amount of money, however large; victory is achieved by the blood of soldiers, the sweat of working men and women, and the sacrifice of all people. But a $100,000,000,000 expenditure program does reflect a national effort of gigantic magnitude. It calls for vision on the part of those in charge of war production, ingenuity of management, and the skill, devotion, and tenacity of the men on the farms and in the factories. It makes possible the expansion of our armed forces necessary to offensive operations, the production of planes and munitions to provide unquestioned superiority, and the construction of ships which will make it possible for us to strike at the enemy wherever he may be. It reflects the determination of the civilians to "pass the ammunition." Moreover, consumers' goods and services will have to be produced in an amount adequate to maintain the health and productivity of the civilian population. And all of this will have to be done while we are withdrawing millions of men from production for service in the armed forces.

Some persons may believe that such a program is fantastic. My reply is that this program is feasible. If the Nation's manpower and resources are fully harnessed, I am confident that the objective of this program can be reached, but it requires a complete recognition of the necessities of total war by all—management, labor, farmers, consumers, and public servants — regardless of party. Production short of these military requirements would be a betrayal of our fighting men.

This Budget does not include the detailed estimates of war expenditures which would reveal information to our enemies. An additional reason for such action at this time is that rapid developments on far-flung battle fronts make it impossible to submit a detailed war Budget for a year ending 18 months hence. I shall continue, however, to report on the broad categories of war expenditures. The following table summarizes our present estimates of war expenditures from general and special accounts and by Government corporations.

Estimates of Total Expenditures for War, Fiscal Years 1943 and 1944
(Billions)

Object of Expenditure—	Fiscal 1943	Fiscal 1944
Munitions	$43	$66
Military and civilian pay, subsistence and travel	15	21
Industrial construction	6	2
Other construction	8	5
Other, including agricultural lend-lease	5	6
Total	$77	$100

This spring I shall submit the necessary information upon which the Congress can base war appropriations for the fiscal year 1944. In the meantime there are available about $170,000,000,000 of unspent war appropriations and authorizations; about two-thirds of this amount is already obligated or committed. Further appropriations will soon be needed to permit letting of contracts with industry for the next year.

The Procurement of Munitions

Total mobilization of all our men and women, all our equipment, and all our materials in a balanced production program will enable us to accomplish the production goals underlying this war Budget.

Manpower. — Marked progress has been made in mobilizing manpower. In spite of the increase in the armed services, industrial production rose by 46%, and agricultural production by 15% between calendar years 1940 and 1942. Industrial production has not been delayed and crops have not been lost because of lack of manpower except in a few isolated cases. More than 10,000,000 people have been added to the employed or the armed forces since the summer of 1940, 7,000,000 of whom were unemployed and more than 3,000,000 of whom are additions to the Nation's labor and armed forces.

Manpower mobilization is now entering a much more difficult phase. During the calendar year 1943 approximately 6,000,000 people will be needed above present requirements for the armed services and war production. This number can be obtained by transferring from less essential work, and by drawing into the working force people who have not recently sought employment. Vigorous action is required to mobilize and train our reserve of women and young people, to accelerate the transfer of workers to essential industries, and to reduce harmful turn-over and migration of workers in essential industries. It also requires prevention of labor hoarding and elimination of hiring restrictions based on sex, creed, or race. I reiterate my previous recommendation for a unified and adequate rehabilitation service to make available a million persons for war industry and to restore to civil employment persons who are being disabled in the armed forces.

Manpower needs of the armed forces and of war production during the calendar year 1943 can be met without impairment of essential civilian requirements. I stress the important distinction between "essential requirements" and the thousand and one things that are nonessentials or luxuries. The production of these nonessentials wastes manpower at a time when careful economy and greater efficiency in the use of our manpower resources is imperative. Private thought and public discussion of this subject are very necessary.

Equipment.—Were it not for an unprecedented program of conversion and the building up of a new war industry during the past two and one-half years, we could not expect to fulfill the war-production program outlined in this Message.

Some progress, but not enough, has been made in spreading war contracts more widely among medium-sized and smaller plants. Further efforts are necessary. In certain cases, of course, saving of manpower and materials requires concentration in those plants best equipped to produce a given commodity.

Materials. — Furthermore, war production is limited by our supply of raw materials. The available materials must be transformed into the maximum of striking power. The production of less urgent or the wrong quantity of items, or poor scheduling of production in any single plant or in the munitions program as a whole, results in waste of precious materials. The Nation's war production must be so scheduled that the right items are produced in the right amounts at the right time.

War contracts.—The procurement program must achieve maximum production with minimum waste and with the speed essential in time of war. This is the controlling objective not only for the original negotiation of contracts but also for the renegotiation required by law. The law provides for the prevention or recapture of excessive profits, thus supplementing and reinforcing the objectives of the excess-profits tax. I believe that control of the costs of production is of equal importance.

The proper negotiation and renegotiation of contracts must strive to reconcile the avoidance of excessive profits with the maintenance of incentives to economical management.

Farm and Food Program

Food is a primary weapon of war. An adequate food supply is, therefore, a basic aspect of a total war program. I have placed in the hands of the Secretary of Agriculture full responsibility for determining and fulfilling the food requirements in this war. Our agricultural production is larger than ever in our history but the needs of our armed services and our Allies are so great that a shortage of certain foods is inevitable. The production of the less-needed commodities must be reduced, while the production of commodities for war and essential civilian use must be increased. It is imperative also that this increased demand for food be adjusted to available supplies. There will be sufficient volume in our bill of fare but less variety. That may hurt our taste but not our health.

To facilitate this program, I am recommending appropriations for aids to agriculture totaling $837,000,000 for the fiscal year 1944. Among the major items included in the $837,000,000 total are $400,000,000 for conservation and use of agricultural land resources; $194,000,000 for parity payments on the 1942 crops; and $96,000,000 for exportation and domestic consumption of surplus commodities. Other large items included are $64,000,000 for payments under the Sugar Act; $38,000,000 for the Farm Security Administration; and $31,000,000 for reductions in interest rates on farm mortgages.

Prior to the 1943 appropriation acts, annual appropriations for parity payments were made a year in advance of actual need, and acreage allotments for the year ahead were used as a factor in determining payments on the crops of the current year. In the 1943 Budget and appropriation acts, provisions were made to insure that all factors used in determining the amount of parity payments on the crops of a given year would pertain to the program of that year. Also, to bring this item into conformity with our general budgetary practice, the annual cash appropriation for parity payments was omitted, but the Secretary was authorized to incur contractual obligations assuring the cooperating producers of cotton, corn, wheat, rice, and tobacco that such payments would be made, if and as necessary, on their 1942 crops.

The appropriation now requested, therefore, is simply the amount estimated to be necessary to compensate the producers of corn, wheat, and certain minor types of tobacco for the disparity between the market returns from the normal yield of their 1942 allotted acreage and the parity price return from that production. It is expected that no parity payments will be necessary on the 1942 crops of cotton, rice, and most types of tobacco.

Since the established national policy is to assure the cooperating producers of these basic crops parity prices on the normal yields of their allotted acreages, I am again recommending that the authority to incur contractual obligations for such payments on future crops be renewed.

On the other hand, I am recommending a reduction of $50,000,000 in the appropriation for Conservation and Use of Agricultural land resources. I am also directing the Secretary of Agriculture to utilize the $400,000,000 still provided under this heading as fully and effectively as the basic law will permit to encourage greater production of the crops essential to the war effort. This fund will not be used for restriction of production except of less-needed crops. Payments will be made only to those producers who comply fully in their plantings with the stated war-production goals.

For exportation and domestic consumption of agricultural commodities the Budget includes only the permanent annual appropriation of 30% of customs revenues provided by law, plus reappropriation of unobligated balances. The food-stamp plan, which is a major item of the current program, will be discontinued shortly. Although other items such as school lunch and school milk projects and the direct distribution of surplus commodities are somewhat expanded, there will be an over-all reduction of about $30,000,000.

Provision for operations under the Farm Tenant Act and for loans, grants, and rural rehabilitation are continued on about the same level as for the current year. Small farms, like other small war plants, must be encouraged to make a maximum contribution to the war. I hope the Congress will give as much sympathetic consideration to these smaller and poorer farmers as it has given to the smaller and poorer industrial concerns.

Because no one can immediately foresee all the needs we may encounter in fulfilling our essential war requirements for agriculture, various loan and purchase operations, involving contingent liabilities which cannot be exactly predetermined, may be necessary.

Civilian Consumption

In spite of a $100,000,000,000 war program, civilians can be supplied with an average of about $500 worth of goods and services during the next year. This implies an average reduction of almost 25% in civilian consumption below the record level of the calendar year 1941. Even then most of us will be better fed, better clothed, and better housed than other peoples in the world. Do not let us assume from that statement, however, that there is no need for great improvement in the living conditions of a large segment of our population.

It is the responsibility of the Government to plan for more production of essential civilian goods and less of nonessential goods. Production and distribution of goods should be simplified and standardized; unnecessary costs and frills should be eliminated. Total war demands simplification of American life. By giving up what we do not need, all of us will be better able to get what we do need.

In order to distribute the scarce necessities of life equitably we are rationing some commodities. By rationing we restrict consumption, but only to assure to each civilian his share of basic commodities.

The essentials for civilian life also include a good standard of health and medical service, education, and care for children in wartime as well as in peace.

The Stabilization Program

We must assure each citizen the necessities of life at prices which he can pay. Otherwise, rising prices will lift many goods beyond his reach just as surely as if those goods did not exist. By a concerted effort to stabilize prices, rents, and wages we have succeeded in keeping the rise in the cost of living within narrow bounds. We shall continue those efforts, and we shall succeed. By making effective use of all measures of control, we shall be able to stabilize prices with only a limited use of subsidies to stimulate needed production.

Some would like to see the controls relaxed for this or that special group. They forget that to relax controls for one group is an argument to relax for other groups, thereby starting the cost-of-living spiral which would undermine the war effort and cause grave post-war difficulties. Economic stabilization for all groups —not for just the other fellow— is the only policy consistent with the requirements of total war. I have read of this bloc, and that bloc, and the other bloc, which existed in past Congresses. May this new Congress confine itself to one bloc—a national bloc.

Stabilization goes beyond effective price control. Under war conditions a rise in profits, wages, and farm incomes unfortunately does not increase the supply of goods for civilians; it merely invites the bidding up of prices of scarce commodities. The stabilization of incomes and the absorption of excess purchasing power by fiscal measures are essential for the success of the stabilization program. I am confident that the Congress will implement that program by adequate legislation increasing taxation, savings, or both. Thus, we will help to "pay as we go" and make the coming peace easier for ourselves and our children.

Civilian Controls In Total War

Total war requires nothing less than organizing all the human and material resources of the Nation. To accomplish this all-out mobilization speedily, effectively, and fairly we have had to adopt extensive controls over civilian life. We use the Selective Service System to man the armed forces. We are systematizing the movement of labor to assure needed manpower to war industries and agriculture. We regulate prices, wages, salaries, and rents; we limit consumer credit; we allocate scarce raw materials; and we ration scarce consumer goods—all to the end of providing the materials of war and distributing the sacrifices equitably.

Such regulations and restrictions have complicated our daily lives. We save rubber, metal, fats—everything. We fill out forms, carry coupons, answer questionnaires. This is all new. We have overdone it in many cases. By trial and error we are learning simpler and better methods. But remember always that reaching the objective is what counts most. There is no easy, pleasant way to restrict the living habits—the eating, clothing, heating, travel, and working habits—of 130,000,000 people. There is no easy, pleasant way to wage total war.

About 400,000 civilian employes of the Federal Government are engaged in the task of civilian administration for total war. They direct and schedule war production; handle the procurement of food, munitions, and equipment for our armed forces and our Allies; supervise wartime transportation; administer price, wage, rent, labor, and material controls and commodity rationing; conduct economic and propaganda offensives against our enemies; and do necessary paper work for the armed forces.

Besides these Government employes, millions of men and women volunteers—who draw no pay—are carrying out tasks of war administration, many of them after long hours at their regular occupation. These patriotic citizens are serving on draft boards, on war price and ration boards, in the civilian defense organization, the war bond campaign, and many other activities. They deserve the gratitude of their countrymen.

More than 1,600,000—or approximately three-fifths—of all Federal civilian employes are engaged directly in war production. They build and load ships, make guns and shells, repair machines and equipment, build arsenals and camps, sew uniforms, operate airports and signal systems. These are the workers in navy yards, arsenals, storage depots, military airfields, and other operating centers. It is scarcely ethical to try to make people believe that these workers are holding down armchair or unnecessary Government jobs.

This huge organization, created overnight to meet our war needs, could not be expected to function smoothly from the very start. Congressional committees and many individuals have made helpful suggestions. Criticism is welcome if it is based on truth. We will continue our efforts to make the organization more fully effective.

Compensation of Federal employees—Last month the Congress took temporary and emergency action, which will expire April 30, 1943, relative to compensation for Federal employees. The legislation removed inequities, lengthened the workweek to conserve manpower, increased payment for longer hours, and provided bonus payments for certain employees. The pay increases should be met largely by reducing the total number of employees proportionate to the increase in the workweek.

In the present appropriation requests and expenditure estimates for the fiscal years 1943 and 1944, no allowance has been made for any cost increase resulting from the adjustment in Federal salaries.

The problems of Federal salary administration need further study in the early days of the new Congress for enactment of more permanent legislation for the duration of the war.

"Nonwar" Expenditures

I am making recommendations in the usual detail for so-called "nonwar" appropriations for the fiscal year 1944. This classification includes the same items as in former years.

Actually, the "nonwar" classification now has little, if any, meaning. Most of these expenditures are related to the war effort and many are directly occasioned by it. This "nonwar" category includes, for instance, expenditures for war tax collections, for budgeting, disbursing, and auditing war expenditures, and for statistical and scientific services to war agencies. It includes also such items as the control of white pine blister rust, which I recently discussed. Expenditures for controlling this threat to our timber resources are necessary to avoid possible loss of millions of dollars in lumber from trees which require more than 50 years to reach maturity.

All counted, there are less than 850,000 civilian employees of the Federal Government, including the Postal Service, who are engaged in these so-called "nonwar" activities.

A few weeks ago I transmitted to the Congress a comprehensive report on "nonwar" expenditures during the past decade. This document demonstrated the important reductions which had been made in these expenditures, especially since the start of the defense program.

The following table summarizes reductions analyzed in the report, to which it is now possible to add revised estimates for the fiscal year 1943 and estimates for 1944 as developed in this Budget.

"Nonwar" Expenditures, Fiscal Years 1939-1944

(Excluding interest and statutory debt retirement)

(Millions)

Fiscal Year—	Total nonwar expenditures	Reduction below 1939
1939	$6,516	----
1940	6,246	$270
1941	5,298	1,218
1942	5,125	1,391
1943 (estimated)	4,582	1,934
1944 (estimated)	4,124	2,392

The table shows a reduction of 36.7% in "nonwar" expenditures in the next fiscal year compared with 1939. In appraising these reductions, it should be borne in mind that large items, such as veterans' pensions and social-security grants, are controlled by legal or other commitments. In fact the outstanding increase for the fiscal year 1944 is for the Veterans' Administration, for which expenditures are estimated at $879,000,000, or $265,000,000 higher than in the current year. Most of the increase is for insurance for our fighting forces in the present war.

The most important reductions recommended for the coming year relate to work relief and general public works. Because of present high levels of employment, I am able to recommend elimination of the Work Projects Administration. This action under present conditions does not cast upon the State and local governments more than the proper burden of financing the relief of those who are unable to work. Expenditures for general public works will be greatly curtailed. Continuing projects are directly related to war needs. Others have been discontinued as rapidly as this could be done without risking the loss of the investment already made.

I shall be glad to cooperate with the Congress in effecting further reductions in "nonwar" expenditures through the necessary revision of underlying legislation and in every other way. It should be pointed out to the Congress and to the Nation, however, that we are fast approaching the subsistence level of government—the minimum for sustaining orderly social and economic processes—and that further reductions will necessarily be of much smaller magnitude than those already achieved.

My recommendations contemplate that in the fiscal year 1944, 96 cents of every dollar expended by the Federal Government will be used to pay war costs and interest on the public debt, and only 4 cents for all the so-called "nonwar" purposes.

Interest

War financing has raised the requirement for interest on the public debt from $1,041,000,000 in 1940, the fiscal year before the defense program started, to an estimated $1,850,000,000 for the current year and $3,000,000,000 for the fiscal year 1944 under existing legislation.

Financing Total War

The Need For Additional Funds

Financing expenditures which will exceed $100,000,000,000 is a task of tremendous magnitude. By meeting this task squarely we will contribute substantially to the war effort and clear the ground for successful reconstruction after the war. An adequate financial program is essential both for winning the war and for winning the peace.

Financing total war involves two main fiscal problems. One problem is to supply the funds currently required to pay for the war and to keep the increase in Federal debt within bounds. The second problem is caused by the disbursement of $100,000,000,000 a year to contractors, war workers, farmers, soldiers, and their families, thus adding many billions to the peoples' buying power, at a time when the amount of goods to be bought is declining steadily. A large portion of this excess buying power must be recovered into the Treasury to prevent the excess from being used to bid up the price of scarce goods and thus undermine the stabilization program by breaking price ceilings, creating black markets, and increasing the cost of living.

We cannot hope to increase tax collections as fast as we step up war expenditures or to absorb by fiscal measures alone all excess purchasing power created by these expenditures. We must, therefore, provide a substantial portion of the needed funds by additional borrowing, and we must also use direct controls, such as price ceilings and rationing, for the protection of the consumer. Nevertheless, the more nearly increases in tax receipts follow increases in expenditures, the better we safeguard our financial integrity and the easier the administration of price control and rationing. All of these measures are interrelated. Each increase in taxes and each increase in savings will lessen the upward pressure on prices and reduce the amount of rationing and other direct controls we shall need.

The revenue acts of the past 3 years, particularly the Revenue Act of 1942, have contributed greatly toward meeting our fiscal needs. In the fiscal year 1944, total general and special receipts under present law are estimated at $35,000,000,000, or almost six times those of the fiscal year 1940. But the increase in expenditures has been even more rapid.

I believe that we should strive to collect not less than $16,000,000,000 of additional funds by taxation, savings, or both, during the fiscal year 1944.

On the basis of present legislation, we expect to meet 34% of total estimated Federal expenditures by current receipts during the fiscal year 1944. If the objective proposed in this Message is adopted, we shall meet approximately 50% of expenditures during the fiscal year 1944.

The Need For A Balanced And Flexible Revenue System

I hope that the Congress in working out the revenue program will consider that the fiscal measures must be designed not only to provide revenue, but also to support the stabilization program as well by deterring luxury or nonessential spending. The cost of the war should be distributed in an equitable and fair manner. Furthermore, care should be taken that the fiscal measures do not impair but actually promote maximum war production. Finally, it is more important than ever before to simplify taxation both for taxpayers and for those collecting the tax, and to put our taxes as far as feasible on a pay-as-you-go basis.

I cannot ask the Congress to impose the necessarily heavy financial burdens on the lower and middle incomes unless the taxes on higher and very large incomes are made fully effective. At a time when wages and salaries are stabilized, the receipt of very large net incomes from any source constitutes a gross inequity undermining national unity.

Fairness requires the closing of loopholes and the removal of inequities which still exist in our tax laws. I have spoken on these subjects on several previous occasions.

The Congress can do much to solve our problem of war finance and to support the stabilization program. In the past, wars have usually been paid for mainly by means of inflation, thereby shifting the greatest burden to the weakest shoulders and inviting post-war collapse. We seek to avoid both. Of necessity, the program must be harsh. We should remember, however, that it is a war for existence, and not taxation, which compels us to devote more than one-half of all our resources to war use. An effective program of war finance does not add to the total sacrifices necessitated by war, but it does assure that those sacrifices are distributed equitably and with a minimum of friction.

We should remember, furthermore, that helping to finance the war is the privilege mainly of those who still enjoy the receipt of incomes as civilians during the war. It is a modest contribution toward victory when we compare it with the contribution of those in the fighting forces.

By the end of the current fiscal year, the public debt will total $135,000,000,000. By June 30, 1944, it will be about $210,000,000,000 under existing revenue legislation. Before the present debt limit of $125,000,000,000 is reached, the Congress will be requested to extend that limit. To do this is sound, for such a debt can and will be repaid. The Nation is soundly solvent.

Preparing for Total Victory

Preparing for total victory includes preparing the base on which a happier world can be built. The tremendous productive capacity of our country, of all countries, has been demonstrated. Freedom from want for everybody, everywhere, is no longer a Utopian dream. It can be translated into action when the fear of aggression has been removed by

(Continued on page 288)

War Bonds Credited Against Victory Tax

Secretary of the Treasury Morgenthau has ruled that U. S. Savings Bonds, Series E, F, and G, are prescribed as "obligations of the United States" within the meaning of that section of the 1942 Revenue Act which allows for credit against the Victory Tax. The Treasury Department's advices, issued under date of Dec. 29, follow:

The following regulations are issued pursuant to Subchapter D, Part I, Sec. 453 (a) (3) of the Internal Revenue Code, as added by the Revenue Act of 1942, which reads as follows:

"Sec. 453. Credit Against Victory Tax.

"(a) Allowance of Credit—There shall be allowed as a credit against the victory tax for each taxable year: . . .

> "(3) The amount by which the amount of obligations of the United States owned by the taxpayer on the last day of the taxable year exceeds the greater of (A) the amount of such obligations owned by the taxpayer on Dec. 31, 1942, or (B) the highest amount of such obligations owned by the taxpayer on the last day of any preceding taxable year ending after Dec. 31, 1942. As used in this paragraph (i) the term 'owned by the taxpayer' shall include the amount of the obligations owned solely by the taxpayer and one-half of the amount of the obligations owned jointly by the taxpayer with one other person, but shall not include such obligations acquired by the taxpayer by gift, or inheritance, or otherwise than by purchase; (ii) the term 'obligations of the United States' means such obligations of the United States as the Secretary may by regulations prescribe, and as are purchased in such manner and under such terms and conditions as he may specify; and (iii) the term 'amount of obligations of the United States' means the amount paid for such obligations."

(1) The following classes of securities issued by the United States are prescribed as "obligations of the United States" within the meaning of such term as used in Subchapter D, Part I, Sec. 453 (a) (3) of the Internal Revenue Code:

1. United States Savings Bonds, Series E, F, and G.

(2) The right is reserved to amend or supplement this circular, at any time, or from time to time.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

Dr. Butler Honorary State Chamber Member

At its monthly meeting on Jan. 7, the Chamber of Commerce of the State of New York for the first time in 17 years, elected an honorary member, conferring that title upon Dr. Nicholas Murray Butler, President of Columbia University, who has been a member of the organization for 34 years. Charles Evans Hughes, retired Chief Justice of the United States Supreme Court, is the only other living honorary member of the Chamber. In seconding the nomination of Dr. Butler, who was proposed by H. Boardman Spalding, Chairman of the Executive Committee, Frederick H. Ecker, Chairman of the Metropolitan Life Insurance Co., said that the list of those who had been enrolled as honorary members included men who had been Presidents of the United States and other distinguished statesmen, noted philanthropists, world-famed inventors, explorers, engineers, etc., he added:

"I know I voice the sentiment of all the members of the Chamber in saying that the man we propose to honor today will be a credit to that distinguished company whose names are inscribed high on the scroll of great Americans in the Chamber's own Hall of Fame."

Text Of The President's Budget Message To Congress

(Continued from page 287)

victory. The soldiers of the fighting forces and the workmen engaged in military production want to be assured that they will return to a life of opportunity and security in a society of free men.

The economic stabilization program, although born of war necessity, will greatly facilitate post-war reconstruction. A determined policy of war taxation and savings will aid in making post-war problems manageable by reducing the volume of additional borrowing and supporting the stabilization program. Because of the unavoidable magnitude of interest-bearing debt, taxes probably will never revert to their pre-war level. But substantial reduction from the war level will, nevertheless, be possible and will go hand in hand with a greater human security if the underlying fiscal structure is kept sound.

I shall be happy to meet with the appropriate committees of the Congress at any and all times in regard to the methods by which they propose to attain the objectives outlined in this message. We are at one in our desire quickly to win this war and to avoid passing on to future generations more than their just share of its sacrifices and burdens.

Franklin D. Roosevelt.

Jan. 6, 1943.

*GENERAL BUDGET SUMMARY

Comparative Statement of Receipts and Expenditures

(For the Fiscal Years 1944, 1943 and 1942)

GENERAL AND SPECIAL ACCOUNTS

Classification—	Estimated, 1944	Estimated, 1943	Actual, 1942
RECEIPTS (based on present legislation):			
Direct taxes on individuals	$13,750,600,000.00	$8,338,500,000.00	$3,695,340,677.95
Direct taxes on corporations	14,915,000,000.00	10,070,000,000.00	5,021,578,715.65
Excise taxes	3,915,380,000.00	3,678,110,000.00	3,127,631,235.25
Employment taxes	1,982,200,000.00	1,472,300,000.00	1,194,046,888.42
Customs	204,300,000.00	252,600,000.00	388,948,426.88
Miscellaneous receipts	639,215,000.00	740,745,000.00	277,376,297.34
Adjustment to daily Treasury statement basis	—	—	—37,007,417.65
Total receipts	$35,406,695,000.00	$24,552,255,000.00	$13,667,914,823.84
Deduct:			
Net appropriation for Federal old-age and survivors' ins. trust fund	1,525,450,000.00	1,076,180,000.00	868,853,202.82
Post-war credits for excess profits tax and and Victory tax	800,000,000.00	500,000,000.00	—
Net receipts, general and special accounts	$33,081,245,000.00	$22,976,075,000.00	$12,799,061,621.02
EXPENDITURES:			
War activities	$97,000,000,000.00	$74,000,000,000.00	$26,011,065,089.39
Interest on the public debt	3,000,000,000.00	1,850,000,000.00	1,260,085,336.46
Other activities:			
Legislative establishment	$27,455,600.00	$27,042,300.00	$27,268,973.19
The Judiciary	12,663,500.00	12,118,100.00	11,537,736.82
Executive Office of the President	3,049,190.00	2,568,085.00	2,347,031.83
Civil departments and agencies	862,760,733.00	892,981,648.00	774,573,471.24
Post Office deficiency	—	3,789,712.00	17,729,774.85
District of Columbia—United States share	6,000,000.00	6,000,000.00	6,000,000.00
General Public Works Program	354,612,300.00	576,752,350.00	619,661,880.05
Veterans' pensions and benefits	879,360,000.00	613,756,000.00	551,885,121.65
Aids to agriculture	889,319,000.00	1,010,463,120.00	1,092,035,673.59
Aids to youth	—	16,000,000.00	250,512,659.12
Social security program	502,705,000.00	522,049,500.00	496,474,723.91
Work relief	5,436,000.00	344,764,200.00	937,272,410.80
Refunds	127,522,000.00	102,001,100.00	94,399,952.79
Retirement funds	440,041,600.00	322,041,800.00	243,735,262.00
Statutory public debt retirement	5,000,000.00	5,000,000.00	94,722,300.00
Supplemental items, regular	13,000,000.00	130,000,000.00	—
Total other activities (including statutory public debt retirement)	$4,128,924,923.00	$4,587,327,915.00	$5,220,156,971.48
Total expenditures, general and special accounts	$104,128,924,923.00	$80,437,327,915.00	$32,491,307,397.69
Excess of expenditures, general and special accounts	$71,047,679,923.00	$57,461,252,915.00	$19,692,245,776.67
TRANSACTIONS IN CHECKING ACCOUNTS OF GOVERNMENT CORPORATIONS AND AGENCIES			
EXPENDITURES (NET):			
†Reconstruction Finance Corporation (including subsidiaries):	$3,812,140,000.00	$3,801,531,292.00	$2,457,769,984.33
Commodity Credit Corporation	787,500,000.00	1,085,972,000.00	236,834,660.78
Other corporations and agencies	174,483,000.00	154,491,708.00	930,119,609.24
Net expenditures, transactions in checking accounts of corporations and agencies	$4,774,123,000.00	$5,041,995,000.00	$3,624,724,254.35
TRUST ACCOUNTS			
RECEIPTS (based on present legislation):			
Unemployment trust fund:			
Deposits by States	$1,167,670,000.00	$1,165,027,000.00	$1,095,990,713.42
Transfer from general and special accounts	11,830,000.00	5,973,000.00	3,909,667.00
Other receipts	196,636,500.00	173,561,993.00	143,686,836.72
Federal old-age and survivors' insurance trust fund:			
Net appropriation from general account receipts	1,525,450,000.00	1,076,180,000.00	868,853,202.82
Other receipts	109,145,206.00	87,549,039.00	71,006,562.23
Federal employees' retirement funds:			
Transfer from general and special accounts	177,321,600.00	107,240,800.00	102,885,262.00
Other receipts	340,044,037.00	288,914,575.00	118,777,736.55
Railroad retirement account:			
Transfer from general and special accounts	241,945,745.00	235,575,255.00	140,850,000.00
Other receipts	6,500,000.00	5,200,000.00	3,143,058.91
Commodity stamp trust fund:			
Transfer from general and special accounts	—	60,000,000.00	126,208,000.00
Sale of commodity stamps	—	108,000,000.00	205,240,633.75
Other trust accounts:			
Transfer from general and special accounts	256,000,000.00	53,161,559.00	6,608,441.06
Other receipts	633,654,062.00	461,683,972.00	303,723,985.25
Total receipts, trust accounts	$4,666,197,150.00	$3,828,067,193.00	$3,190,884,099.71
EXPENDITURES:			
Unemployment trust fund:			
Investments in United States obligations	$1,132,486,500.00	$1,047,391,144.00	$866,000,000.00
Other expenditures	243,650,000.00	297,250,000.00	377,142,328.20
Federal old-age and survivors' insurance trust fund:			
Investments in United States obligations	1,429,595,206.00	1,017,411,949.00	821,034,250.00
Other expenditures	205,000,000.00	155,000,000.00	110,280,702.20
Federal employees' retirement funds:			
Investments in United States obligations	392,383,600.00	282,147,800.00	139,679,000.00
Other expenditures	112,220,000.00	102,045,000.00	77,934,100.23
Railroad retirement account:			
Investments in United States obligations	111,000,000.00	110,000,000.00	17,500,000.00
Other expenditures	136,000,000.00	132,000,000.00	126,243,910.67
Commodity stamp trust fund:			
Redemption of commodity stamps	7,500,000.00	173,000,000.00	336,759,089.20
Other trust accounts:			
Investments in United States obligations	611,505,606.00	291,325,920.00	81,116,914.15
Other expenditures	250,061,203.00	231,945,010.00	117,974,500.89
Total investments in United States obligations	$3,676,970,912.00	$2,748,276,813.00	$1,925,330,164.15
Total other expenditures	954,431,203.00	1,091,240,010.00	1,146,334,631.39
Total expenditures, trust accounts	$4,631,402,115.00	$3,839,516,823.00	$3,071,664,795.54
Excess of receipts over expenditures, trust accounts	$34,795,035.00	—	$119,219,304.17
Excess of expenditures over receipts, trust accounts	—	$11,449,630.00	—
EFFECT OF OPERATIONS ON THE PUBLIC DEBT			
Public debt at beginning of year	$134,830,142,661.22	$72,422,445,116.22	$48,961,443,535.71
Net increase in public debt during year:			
General and special accounts, excess of expenditures over receipts	$71,047,679,923.00	$57,461,252,915.00	$19,692,245,776.67
Government corporations and agencies, net expenditures	4,774,123,000.00	5,041,995,000.00	3,624,724,254.35
Trust accounts, excess of receipts over expenditures	—34,795,035.00	+11,449,630.00	—119,219,304.17
Statutory public debt retirements	—5,000,000.00	—5,000,000.00	—94,722,300.00
Change in Treasury balance	—63,000,000.00	—102,000,000.00	+357,973,153.66
Net increase in public debt during year	$75,719,007,888.00	$62,407,697,545.00	$23,461,001,580.51
Public debt at end of year	$210,549,150,549.22	$134,830,142,661.22	$72,422,445,116.22

†Includes net war expenditures of $2,254,949,959 for 1942 and estimates of $3,332,000,000 for 1943 and $2,693,000,000 for 1944.

*Does not include proposal for $16,000,000,000 additional funds from new legislation for the fiscal year 1944.

Items About Banks, Trust Companies

Lynde Selden, Vice-Chairman of the board of the American Express Co., was elected a member of the board of directors of the Chase National Bank of New York at the annual meeting of shareholders on Jan. 12. Mr. Selden, who was associated with the bank as a Vice-President in the foreign department from 1928 to 1936, has been a member of the board of The Chase Bank, an affiliated organization, since 1931. He is also a director of the Discount Corporation of New York. A native of Duluth, Minn., Mr. Selden was educated at Hotchkiss Preparatory School and at Yale University, from which he graduated in 1913. Following service as a Lieutenant in the U. S. Army in World War I, Mr. Selden became associated with the American Sugar Refining Co., serving as secretary from 1926 to 1928.

The Chase National Bank on Jan. 13 announced the following promotions in the official staff of the bank: Louis A. Bruenner, John J. Scully and Ransom H. Skeen as Vice-Presidents; Paul C. Beardslee, Esmond B. Gardner, Joseph C. Hanson, Jr., Robert L. Hatcher, Jr., Arthur Kunzinger, Jacob Magenheimer, Nicholas J. Murphy, John Prentice, James V. Ritchey, Jr., and James E. Scully as 2nd Vice-Presidents; Donald L. Ballantyne, James Bloor, Paul F. Clarke, Burnett O. Doane, George Holzman, William B. Johnston, Paul A. McManus, Frank A. Richards and Walter E. Rutherford as Assistant Cashiers; Clifford I. MacCullough, Henry C. Mersereau and T. Charles Sullivan as Real Estate Trust officers.

The annual report of Winthrop W. Aldrich, Chairman of the board of The Chase National, presented to the bank's stockholders Jan. 12, was referred to in our Jan. 14 issue, page 186.

At the annual meeting of the Corn Exchange Bank Trust Co. of New York held on Jan. 12, G. Walter Nichols, Ethelbert I. Low, Edmund Q. Trowbridge, Herbert J. Stursberg and John R. McWilliams were reelected to the board of directors.

Louis B. Altreuter, a trustee of the East River Savings Bank of New York, has been elected a Vice-President. Mr. Altreuter is a Vice-President and director of the Horace S. Ely & Co., a director of the Columbia Casualty Co., and the Commercial Union Fire Insurance Co. and Woodlawn Cemtery.

(Continued on page 296)

Operating Income of N. Y. Trust $3,030,393 In 1942, Compared With $2,680,840 In 1941

In his annual report to the stockholders on Jan. 6, John E. Bierwirth, President of the New York Trust Co., reports net operating income of the company for 1942 of $3,030,393, comparing with $2,680,840 for 1941. Mr. Bierwirth states that "as is evident from comparative statements presented, the increase of $550,000 in the provision for taxes accounts mainly for the difference between the expansion in gross income and the relatively smaller increase in net earnings." In his report Mr. Bierwirth also said:

"Gross operating income for 1942 of $8,134,183.19 represents an increase of $913,931.95 over the 1941 total of $7,220,251.24. Our investment in United States Government securities in 1942 was much greater than in 1941 with the consequent increase in gross income. Various sources of income, other than interest on investment securities, provided about the same amount of income as in 1941. Interest earned on investment securities is reported in the operating statement on an amortized basis."

From the report we also quote:

"The Company's gross deposits on Dec. 31, 1942, aggregated $628,777,300.97, the highest reported figure in its history. This is an increase of $91,695,397.61 over the total shown at the end of the previous year. The gross deposits included United States Government deposits of $99,619,588.43, which represented book credits resulting from subscriptions by both the Trust Company and its customers to new United States Government securities. These deposits are of a temporary nature, being drawn out as needed by the Treasury Department.

"United States Government securities are appraised on our books at amortized cost. All other bonds and stocks are shown at amortized cost or market, whichever is lower.

"As of the year end, United States Government securities total $326,995,936.70, an increase of $130,399,426.26 over the total at the end of 1941. The average maturity to first call date of our present portfolio is 36 months and to maturity date 50 months.

"Other bonds and securities aggregate $25,117,731.19, an increase of $3,815,760.91 over 1941. As in the past. these securities consist principally of State and Municipal obligations, local Housing Authorities notes, various equipment trust issues and short and medium term serial notes of industrial corporations.

"The figures on Dec. 31, 1942, for loans and discounts reflect an increase from the previous year-end of $6,443,371.38. In explanation of these figures it should be noted that commercial and secured loans decreased $8,055,193.30, while loans to brokers and other dealers in United States Government securities increased $14,498,564.68. During the year, the character of commercial loans showed a marked change. Most borrowers not directly involved in war production have experienced a curtailment in business, which has resulted in less demand for commercial loans. This is particularly true of companies engaged in the financing of installment purchases. On the other hand, there has been a sharp increase in the demand for loans from companies engaged in the production of war materials. Many arrangements for such loans have been made under new regulations which provide for the purchase of substantial portions of each loan by the War or Navy Departments or Maritime Commission on the demand of the lending bank. However, only a moderate amount of the credits so arranged and under commitment is in use at this time. Resort to this type of credit seems to be increasing with the greater production of war materials and the intensification of our war activities.

"Real Estate Bonds and Mortgages and Equities in Real Estate show a decrease of $1,074,806.03 for the year. During 1942, we disposed of a number of properties. The liquidation of these properties. together with the write-down of $509,475.30 . . . accounts for the reduction.

"Continuing our practice of past years, profits realized in 1942 from security transactions and recoveries from previous charge-offs were not carried to earnings, but were credited to the General Reserve account against which charges were made to write down specific assets. The balance of this General Reserve at the close of the year aggregating $4,845,948.56 has again been applied in our condensed statement of condition as a reduction of assets."

It is also noted in the report that a dividend of $3.50 per share was continued through 1942 and paid in the usual quarterly installments. The Dec. 31 statement of the company was referred to in our Jan. 7 statement, page 67.

Manufacturers Trust Deposits Up $210 Million In 1942

Henry C. Von Elm, Vice Chairman of the Board of Manufacturers Trust Company of New York City—who presided at the annual meeting of stockholders on Jan. 13 in the absence of Harvey D. Gibson, President, who is in London serving as American Red Cross Commissioner to Great Britain—reported that net operating earnings for the year 1942 had amounted to $6,646,613 after all expenses and taxes, preferred stock dividends and net amortization of securities, or $4.03 per common share as compared with $3.91 for the year 1941. This does not include net profits from securities sold. Of this total $3,299,838 was paid in dividends to common stockholders and $3,346,775 was credited to undivided profits account.

Net profit on the normal sale of securities during 1942 amounted to $449,012. The restoration of amortization on bonds and F.H.A. mortgages sold amounted to $202,879 in 1942 as against $248,310 in 1941. In addition, a readjustment of the bank's Government bond portfolio was made during the year, resulting in a profit of $2,163,033. The securities disposed of in this latter operation had previously been written down by amortization in the amount of $546,419. The announcement further states:

"Because of the unusual character of this transaction, the recapture of this amortization was not recredited to earnings through the amortization account as has been the bank's custom for several years past. The tax on the transaction, which amounted to approximately $270,000, was deducted from the profit realized, and the remaining profits, $1,893,033, were transferred to security reserve account.

"Recoveries on items heretofore charged off totaling $571,135 and miscellaneous recoveries of $47,086 were credited directly to reserve account. The bank disposed of miscellaneous items at an aggregate net loss of $184,661, all of which was charged against reserves which had previously been set up."

Mr. Von Elm explained that the Bureau of Internal Revenue allowed a maximum tax deduction of $225,458 as depreciation on bank premises owned and that this amount had been charged directly to undivided profits. Following its policy of reducing the book value of its bank premises in an amount greater than that allowed by the Revenue Department, these were written down an additional $132,542 which has been charged to reserve account. The total write-down of bank premises during the year has therefore amounted to $358,000.

At the end of 1942, the bank's resources amounted to $1,419,495,474, and its deposits to $1,322,420,807. This latter figure includes U. S. Government War Loan deposits of $155,998,234, as compared with similar deposits of $27,614,687 a year ago. Deducting these extraordinary items, the bank's gross deposits show an increase for the year of $210,032,541 or 22%.

Total capital funds, which include preferred and common stock, surplus and undivided profits, totalled $86,496,281 at the end of 1942, as compared with $84,124,964 at the end of 1941, an increase during the year of $2,371,317. This difference resulted from additions to undivided profits from excess earnings over dividends paid, less $750,000—the amount by which, under its terms of issue, the preferred stock is retired each year—and less $225,458, the tax deduction allowed by the Bureau of Internal Revenue as depreciation on bank premises owned.

Mr. Von Elm informed the stockholders that the gain in average volume of loans outstanding for the past year as compared with a year ago had been $45,000,000 or 18%, and at the end of the year were $40,000,000 higher. He called attention especially to the large percentage of loans directly or indirectly tied up with the war effort.

Mr. Von Elm reported that the bank's investment in U. S. Government Bonds had increased from $340,928,748 at the end of 1941, to $635,564,410 at the end of 1942, an increase of $294,635,662. This increase was made possible, in part, it was stated, by the large increase in the bank's deposits during 1942 and by the reduction in cash reserve requirements made by the Federal Reserve Bank during the latter part of the year.

At the close of the year, the schedule of maturities of the bank's holdings to call date was as follows: from one to five years hence, 60.5%; five to ten years, 35.7%; and over ten years, 3.8%.

In a special message from the American Red Cross headquarters in London, Mr. Gibson paid tribute to the 568 officers and employes of Manufacturers Trust Company who are now serving in the Armed Forces of the United States. Mr. Gibson also dwelled on the other ways in which the bank was contributing to the war effort, stating that in the War Bond Pledge Campaign last year under the direction of John T. Madden, one of the bank's senior vice presidents, 600 employes of the bank had devoted practically all of their leisure time for more than a month to the work of the campaign, and had made a real contribution to its success.

Marine Midland 1942 Earnings Increased Hughes Elected V. P.

At the annual meeting on Jan. 13 of The Marine Midland Trust Company of New York, the president, James G. Blaine, reported net earnings of $1,037,850 for the year 1942. This compared with $1,004,811 for the previous year. Earnings, it is noted, do not include profits or losses on sale of investments or charge-offs or recoveries on loans. Net earnings were equal to $2.08 per share of $10.00 par value as against $2.01 per share in 1941. Dividends of $600,000 were paid and the balance of $437,850 added to undivided profits, which at the year end totaled $5,848.606. Gross earnings of $3,051,267 compared with $2,922,151 in 1941. Operating expenses in 1942 were $1,911,167 compared with $1,816,690 in 1941. Total resources were $212,231,000, contrasting with $192,524,547 one year previous. Deposits in the latest report are shown as $195,320,004 against $174,404,323 the previous year. Cash and due from banks amounted to $58,305,703 compared with $66,586,721 in 1941. Loans totaled $57,588,940 compared with $64,445,364 one year previous. Average rate earned on loans was 2.57% compared with 2.62% in 1941.

United States Government obligations were $78.461,006.05 as compared with $39,801,628.63 one year previous. Total investments amounted to $91,890,686.64 and had a market value of $805,207.35 in excess of the amount stated. Approximately 97% of United States Government obligations mature within five years. United States Government obligations and obligations of instrumentalities of the United States Government constitutes 90.28% of total investments and 39.09% of total resources. The average rate earned on investments for the year was 1.17% against 1.20% for the previous year. Mr. Blaine stated that "the Trust Company of course, will continue to purchase Government securities to the limit of its ability, but it would seem that even greater effort should be made in selling such securities to individuals, corporations, and others whose surplus funds could thus be borrowed by the U. S. Governments."

Mr. Blaine also stated that "in addition to the important role of the United States Treasury Financing, recent events indicate that within a reasonably short time, banks will be requested to handle and maintain accounts of various ration programs. This will be a new departure for banks, inasmuch as we will have to handle accounts in pounds and gallons rather than dollars and cents. I believe that they will handle the technical job of providing and maintaining rationing accounts satisfactorily."

Arthur M. R. Hughes was elected Vice President of the Marine Midland Trust Co. of New York, it was announced at the annual stockholders meeting. Mr. Hughes has been with the Marine Midland Trust Co. of New York since 1930. Prior to that he was with the Marine Trust Company of Buffalo, N. Y., which he joined in 1925.

Edmund C. Nelson, Jules J. Butler and John J. O'Rourke were appointed Assistant Treasurers.

On Jan. 14 it was announced that Daniel P. Adams, formerly Assistant Treasurer, had been appointed Assistant Vice President of the Marine Midland Trust Co. of New York. Mr. Adams joined the Marine Midland Trust Co. of New York in 1930. He was graduated from Yale University, class of 1929.

Insolvent National Bank Dividends

Comptroller of the Currency Preston Delano announced on Jan. 15 that during the month ended Dec. 31, 1942, authorizations were issued to receivers for payments of dividends to the creditors of six insolvent national banks. Dividends so authorized will effect total distributions of $1,770,310 to 46,674 claimants who have proved claims aggregating $22,093,596 or an average payment of 8.01%. The minimum and maximum percentages of dividends authorized were 2.76% and 96.268%, while the smallest and largest payments involved in dividend authorizations during the month were $39,500 and $1,360,400, respectively. Of the six dividends authorized during the month, one was a regular payment, four were final payments, and one was a final principal and full interest payment.

NY Commerce Chamber Elects New Members

Frederick E. Hasler, President of the Chamber of Commerce of the State of New York, announced on Jan. 8 the election of the following to membership in the nation's oldest commercial organization:

Tom M. Girdler, Chairman of the Board, Republic Steel Corp.

Herbert E. Smith, President, United States Rubber Co.

Evan E. Young, Vice President, Pan American Airways.

Ellsworth Bunker, President, National Sugar Refining Co.

W. W. Freeman, Vice President, Columbia Gas and Electric Corp.

Carter L. Spencer, President, Charleston Mining Co.

Edward F. Knecht, President, Wayne County Products Co.

H. D. Freeman, President, Expressmen's Mutual Life Insurance Co.

Ruel S. Smith, Time Magazine.

Brooklyn Trust Co. Operating Net $720,639

Net operating earnings of the Brooklyn Trust Co., Brooklyn, N. Y., for the year 1942 after all expenses, interest, and taxes, were $720,639, which compare with $681,130 in the year 1941, according to the statement of George V. McLaughlin, President of the bank, presented to the stockholders at their annual meeting on Jan. 11. Mr. McLaughlin reported that the earnings were applied as follows: for reserves, $306,522; to undivided profits, $11,117; to surplus, $75,000, and dividends paid, $328,000. The trust company's holdings of United States Government securities, Mr. McLaughlin said, were $85,154,795 at the end of 1942, against $53,211,270 at the beginning of the year, an increase of $31,943,525. He added that approximately 26% of these holdings mature within 5 years, 53% either mature or become callable in from 5 to 10 years, 14% mature or become callable in 10 to 20 years, and 7% are not callable within 20 years.

As to financing of war production, Mr. McLaughlin said, during the year the company was able to make 81 loans totalling $17,775,347 to finance operations of private business concerns working on government contracts in connection with the war effort. Of our war production loans, $5,646,319 was outstanding at the end of the year, the remainder having been repaid in the usual course of business. At the present time we have outstanding commitments to make additional war production loans in the total amount of $7,662,808.

Since the national defense program began in the summer of 1940, the company has loaned a total of $25,057,945 to finance defense and war contracts.

Mr. McLaughlin also told stockholders that the Brooklyn Trust sold $17,461,005 in War Savings Bonds to the public during 1942, comparing with $6,020,800 in 1941. This total is exclusive of approximately $9,000,000 in other United States Government securities which the company sold to the public during the Victory Fund Campaign in December.

In his general comments, Mr. McLaughlin said:

Banking institutions must and will continue to play an important part in helping to win the war. They will undoubtedly have to increase their holdings of Government securities in the coming months, extend additional credit to war production contractors, and continue to sell war bonds to the public. Our duty, like that of everyone else, is to help the Government carry the war to a successful conclusion, regardless of whatever adjustments we must make.

At the annual meeting of stockholders of the Brooklyn Trust Company on Jan. 11, four trustees whose terms expired were re-elected for 3-year terms.

NY Industries Band For Red Cross Fund

New York industries, commercial firms and professions are banding together under the Commerce and Industry Committee of the 1943 Red Cross War Fund to conduct the most intensive wartime campaign yet undertaken to aid the health and welfare of America's 5,000,000 fighting men. The committee is headed by Eugene W. Stetson, chairman. Serving with him are Bernon S. Prentice, vice-chairman, and Elliott H. Lee, executive vice-chairman. The announcement in the matter states:

"The Commerce and Industry Committee is divided into ten major sections each containing a group of related divisions in turn headed by a chairman. More than 300 divisions have been created or now are in the process of formation. Leaders in the manufacturing and business worlds have accepted chairmanships of these divisions.

"Realizing that the needs of the armed forces during 1943 will far surpass those of last year, the Commerce and Industry Committee is laying the groundwork for a complete mobilization of men, women and resources. In 1942 the Red Cross War Fund received $7,600,000 in New York City. Nearly $5,000,000 of this amount was secured through the efforts of the city's business men and industrialists.

Mr. Prentice is also Chairman of the Finance Section of the Committee, whose objective it is to mobilize the executives and personnel of New York's banks and trust companies, insurance companies, exchanges and security dealers in an intensive campaign for the 1943 war fund.

Serving with Mr. Prentice as Vice-Chairman of the financial section are Gayer G. Dominick of Dominick & Dominick and Julian S. Myrick, Vice-President of the Mutual Life Insurance Co.

The New York City goal for the 1943 Red Cross War Fund has been fixed at $12,920,700, or 10.3% of the national goal of $125,000,000. The campaign, will be officially launched on March 1 with a minimum of 2,000,000 contributions needed, to be sought by a volunteer force of 100,000 in a door-to-door appeal throughout the city. Colby M. Chester is General Chairman of the New York City drive.

Cargo Shipbuilding Exceeds 1942 Aim

American shipyards exceeded the 1942 goal of 8,000,000 tons of merchant shipping and will probably exceed their 1943 goal set at 16,000,000 tons, President Roosevelt and Rear Admiral Emory S. Land, Chairman of the Maritime Commission, reported on Jan. 5, according to Washington press advices.

These advices indicate that the yards are now turning out four ships a day, at the rate of 14,400,000 tons a year, and will reach their peak production rate of five ships a day in May.

In Associated Press advices, the following was reported:

The President declined to be drawn into comparing the extent of new ship construction and the extent of ship sinkings, but made it plain he was pleased with the way those figures were running, telling reporters: You had just better say the child is doing well.

Shipyards could deliver 20,000,000 tons this year if materials were made available, Admiral Land declared.

Rear Admiral Howard L. Vickery, who directly supervises the merchant ship construction program, said he thought the War Production Board would allocate steel for about 18,000,000 tons of ships this year.

Mr. Land said close co-operation between labor and management contributed largely to the production of 746 merchant ships of 8,090.800 deadweight tons in 1942, but there still were some "flies in the ointment," including the "absentee situation" in some yards.

Electric Output For Week Ended Jan. 16, 1943 Shows 14.5% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Jan. 16, 1943 was approximately 3,952,479,000 kwh., compared with 3,450,468,000 kwh. in the corresponding week last year, an increase of 14.5%. The output for the week ended Jan. 9, 1943, was 13.8% in excess of the similar period in 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Jan 16	Jan. 9	Jan. 2	Dec. 26
New England	3.7	2.7	4.4	0.4
Middle Atlantic	7.1	6.3	7.8	6.5
Central Industrial	12.2	11.6	11.4	10.7
West Central	12.4	13.6	12.6	10.4
Southern States	21.4	22.7	25.1	21.1
Rocky Mountain	13.5	11.4	11.0	4.3
Pacific Coast	29.0	25.0	27.4	28.1
Total United States	14.5	13.8	14.9	13.0

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Oct 3	3,682,794	3,330,582	+10.6	2,792,067	1,506,219	1,819,276
Oct 10	3,702,299	3,355,440	+10.3	2,817,465	1,507,503	1,806,403
Oct 17	3,717,360	3,313,596	+12.2	2,837,730	1,528,145	1,798,633
Oct 24	3,752,571	3,340,768	+12.3	2,866,827	1,533,028	1,824,160
Oct 31	3,774,891	3,380,488	+11.7	2,882,137	1,525,410	1,815,749
Nov 7	3,761,961	3,368,690	+11.7	2,858,054	1,520,730	1,798,164
Nov 14	3,775,878	3,347,893	+12.8	2,889,937	1,531,584	1,793,584
Nov 21	3,795,361	3,247,938	+16.9	2,839,421	1,475,268	1,818,169
Nov 28	3,766,381	3,339,364	+12.8	2,931,877	1,510,337	1,718,002
Dec 5	3,883,534	3,414,844	+13.7	2,975,704	1,518,922	1,806,225
Dec 12	3,937,524	3,475,919	+13.3	3,003,543	1,563,384	1,840,863
Dec 19	3,975,873	3,495,140	+13.8	3,052,419	1,554,473	1,860,021
Dec 26	3,655,926	3,234,128	+13.0	2,757,259	1,414,710	1,637,683

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Jan 2	3,779,993	3,288,685	+14.9	2,845,727	1,619,265	1,542,000
Jan 9	3,952,587	3,472,579	+13.8	3,002,454	1,602,482	1,733,810
Jan 16	3,952,479	3,450,468	+14.5	3,012,638	1,598,201	1,736,729
Jan 23		3,440,163		2,996,155	1,588,967	1,717,315
Jan 30		3,468,193		2,994,047	1,588,853	1,728,203

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 19	117.06	108.34	117.20	114.85	109.42	93.82	98.41	112.37	115.04
18	117.05	108.16	117.20	114.66	109.42	93.82	98.09	112.19	115.04
16	117.05	108.16	117.20	114.66	109.42	93.82	98.25	112.19	115.04
15	117.05	108.16	117.20	114.66	109.42	93.82	98.41	112.19	115.04
14	117.05	108.16	117.20	114.46	109.42	93.67	98.41	112.19	115.04
13	117.05	107.98	117.00	114.46	109.24	93.52	98.41	112.00	115.04
12	117.05	107.98	117.00	114.46	109.24	93.38	97.94	112.00	114.85
11	117.05	107.80	117.00	114.27	109.06	93.38	97.78	112.19	114.66
9	117.04	107.62	116.80	114.08	109.06	93.08	97.62	112.00	114.66
8	117.02	107.62	116.80	114.08	109.06	92.93	97.62	112.00	114.66
7	117.05	107.62	117.00	114.08	109.06	92.79	97.47	111.81	114.66
6	117.07	107.62	116.80	114.08	109.06	92.64	97.31	111.81	114.66
5	117.03	107.44	116.80	113.89	108.88	92.20	97.31	111.81	114.66
4	116.94	107.44	117.00	114.08	108.88	92.35	97.31	111.81	114.46
2	116.85	107.44	117.00	113.89	109.06	92.35	97.16	111.81	114.46
1 Exchange Closed									
High 1943	117.06	108.34	117.20	114.85	109.42	93.82	98.41	112.37	115.04
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
Jan. 19, 1942	117.60	106.92	116.41	113.89	107.62	92.06	97.47	110.70	113.70
2 Years ago									
Jan. 18, 1941	118.00	106.39	118.00	113.89	106.56	90.34	96.69	109.97	113.70

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Jan. 19	2.06	3.26	2.79	2.91	3.20	4.15	3.85	3.04	2.90
18	2.06	3.27	2.79	2.92	3.20	4.15	3.87	3.05	2.90
16	2.06	3.27	2.79	2.92	3.20	4.15	3.86	3.05	2.90
15	2.06	3.27	2.79	2.92	3.20	4.15	3.85	3.05	2.90
14	2.06	3.27	2.79	2.93	3.20	4.16	3.85	3.05	2.90
13	2.06	3.28	2.80	2.93	3.21	4.17	3.85	3.06	2.90
12	2.06	3.28	2.80	2.93	3.21	4.18	3.88	3.06	2.91
11	2.06	3.29	2.80	2.94	3.22	4.18	3.89	3.05	2.92
9	2.07	3.30	2.81	2.95	3.22	4.20	3.90	3.06	2.92
8	2.07	3.30	2.81	2.95	3.22	4.21	3.90	3.06	2.92
7	2.06	3.30	2.80	2.95	3.22	4.22	3.91	3.07	2.92
6	2.06	3.30	2.81	2.95	3.22	4.23	3.92	3.07	2.92
5	2.07	3.31	2.81	2.95	3.22	4.24	3.92	3.07	2.92
4	2.07	3.31	2.80	2.95	3.23	4.25	3.92	3.07	2.93
2	2.08	3.31	2.80	2.96	3.22	4.25	3.93	3.07	2.93
1 Exchange Closed									
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	2.06	3.26	2.79	2.91	3.20	4.15	3.85	3.04	2.90
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
Jan. 19, 1942	2.01	3.34	2.83	2.96	3.30	4.27	3.91	3.13	2.97
2 Years ago									
Jan. 18, 1941	1.99	3.37	2.75	2.96	3.36	4.39	3.96	3.17	2.97

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1942, page 202.

Steel Operations Again Rise—Larger Ship Program Spurs Plate Mills To Capacity

"While war production continued unabated in high volume this week, new orders in the steel industry took on a spotty appearance, temporarily at least," says "The Iron Age" in its issue of today (Jan. 21), further adding in part: "In the machine tool field, heavier purchases were received from airplane parts and equipment manufacturers.

"Despite the easing of new business encountered by a few steel companies, most were receiving incoming tonnage heavier than their outgoing shipments. There is no overall excess of steel, nor is there likely to be for a long time ahead.

"Mills will be asked to roll as much steel in February as they did in January, even though February is a shorter month. This will mean heavier pressure on finishing mills and a severe test of their flexibility in view of the frequent changes occurring.

"Emphasizing very strongly the tight situation prevailing in steel were figures cited this week by William L. Batt, Vice Chairman of WPB. 'The estimate for civilian goods this year is 1,500,000 tons, or 7½% of 1940,' he said. 'The largest single item is for tin cans—774,000 tons. This represents quite a drop from the 1942 figure of 1,800,000 tons. The next biggest steel item for 1943 is for war housing—250,000 tons. Consumer durable goods, for which 3,000,000 tons were used in 1940, will get only 170,000 tons. A large part of that will be used in repair parts. The 1943 steel figure also includes 100,000 tons for automobiles. This includes steel needed in the manufacture of trucks and busses as well as repair parts for your car and mine. The stoppage of production of the many items of household convenience alone will save some 3,000,000 tons of steel.'

"Over the nation, the lack of 'hot topping' facilities at steel plants continues a serious barrier. Some companies which lack sufficient of these facilities are finding it necessary to take deeper cuts in ingot discards to meet more exacting requirements. The discards from high priced steel are piling up, since mills hesitate to use them as scrap. Billet reinforcing bar mills could use the discards, but under a recent ruling they are permitted to roll only a few sizes of bars, about 10% of the going business."

The American Iron and Steel Institute on Jan. 18 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.8% of capacity for the week beginning Jan. 18, compared with 99.3% one week ago, 98.1% one month ago and 95.0% one year ago. This represents an increase of 0.5 points or 0.5% from the preceding week. The operating rate for the week beginning Jan. 18 is equivalent to 1,707,300 tons of steel ingots and castings, compared to 1,698,700 tons one week ago, 1,678,200 tons one month ago. and 1,614,200 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets on Jan. 18 stated in part: "Increased shipbuilding program this year is being reflected in larger plate demands and a new record may be established in January, following a request to strip mill operators to roll more plates than in December. Three such producers will increase their output 75,000 tons over December and the top of 1,124,000 tons produced last July may be exceeded considerably. This expanded plate output will be largely at the expense of sheets, which already have begun to tighten.

"Canmakers have been slow in placing orders for first quarter and the tin plate industry is operating at about 70% at a season when normally it should be at capacity. Present activity is reducing order backlogs and production will decline if additional orders are not obtained. Much of the tin plate for cans to preserve early fruit and vegetable packs must be made during first quarter as demand in second quarter always is heavy for later packs.

"Steelmaking scrap supply has ceased to be the immediate worry of recent weeks and in spite of bad weather conditions and shortage of labor mills are receiving sufficient tonnage for current operations and in some instances reserves are being enlarged. At the same time, with an eye to the future, efforts are being pressed without intermission to bring out dormant industrial scrap as production scrap is not sufficient to meet needs. With steel output planned to increase during 1943 supply of raw materials also must be greater. Quality of offerings averages better now than when most shipments were largely of light grades resulting from the household drive. Proportion of industrial scrap now is higher and melters find less difficulty on account of quality. Excess of machine shop turnings continues to make them a burden in some districts and price continues to be shaded to move them.

"With only 135 domestic freight cars placed with builders in December total for last year reached only 26,028 units, a little more than 20% of the number placed in 1941. This reflects the tight rein on materials held by the War Production Board, which froze all car orders early in the year and released only a few of the most pressing later.

"Pig iron production in December was 5.201,423 net tons, including 57,984 tons of ferromanganese and spiegeleisen, representing 101.1% of capacity. For the year total output was 59,982,157 tons, an average of 99.2% of capacity for the entire period. This is the highest output on record, 7.16% greater than the previous high in 1941."

J. P. Morgan and Al Smith Urge War Bond Buying

The Treasury Department made public on Jan. 4 the first of a series of messages by prominent American citizens endorsing the buying of war savings bonds to insure victory. Among those on the list were J. P. Morgan, Chairman of J. P. Morgan & Co., Inc., and Alfred E. Smith, former Governor of New York.

Mr. Morgan's message said:

"Nowhere in these days can a safer investment be found for savings than United States Government bonds, and of all the isues the war savings bonds seem to me the most advantageous."

Mr. Smith, it is learned from Washington advices Jan. 3 to the New York "Times," said that in the Axis countries no request for investment in war bonds was made, adding:

"They simply take the money away from their citizens, to say nothing about what is being done to the occupied countries, where all forms of property have been seized.

"There is no doubt about our ultimate victory, but if you do your share you are helping to bring the war to a close before there is too great a waste of money and material, to say nothing about our boys who are at the front battling for the liberties that we have enjoyed in our country down through the ages."

Wholesalers' Sales, Inventories, And Credits In November

November sales of wholesalers amounting to $304,389,000, advanced 10% in November, 1942, over the same month a year ago, according to an announcement released Jan. 2 by J. C. Capt, Director of the Census. The gain reported in October of this year as compared with October 1941, was also 10%. A decrease of 14% in sales was recorded for November 1942, compared with the preceding month. Sales for the 11 months of 1942, totaling $4,056,962,000, were 15% above those for the corresponding period of 1941.

The Census Bureau's announcement further said:

"Twenty-six of the 35 trades for which separate data are presented in this report showed increases in sales for November of this year compared with November 1941, and nine showed decreases. Wholesalers of dry goods recorded an increase of 38%; meats and meat products, 34%; shoes and other footwear, 26%; groceries and foods (full-line), 23%; groceries and foods (voluntary-group), 22%. In addition, gains were shown in sales of wholesalers of drugs and sundries, (14%); tobacco and its products, 9%, and petroleum, 7%. A number of decreases in wholesalers' dollar sales were also registered; notably, electrical goods, 8%; plumbing and heating supplies, 10%; automotive supplies and paper and its products, each 13%; jewelry, 14%, and general hardware and furniture and house furnishings, each 16%.

"Inventories, in terms of dollars based on cost values, at the close of November dropped slightly compared with October, the eighth consecutive month when inventories at the end of the month were lower than those at the beginning. Inventories at the end of November 1942 were 19% below those for the same date last year, continuing the decline in evidence since the beginning of the year.

"The stock-sales ratio for wholesalers at the close of November 1942 was 121 as against 162 for November 1941, and 103 for October 1942. Of the 32 trades for which stock sales ratios are shown, 29 registered decreases in their ratios for November 1942 compared with those for November 1941, and three showed increases. Full-line wholesalers of groceries and foods, with a 23% increase in sales and a 14% decrease in inventories, registered a stock-sales ratio of 146 for November 1942 as compared with 206 for November a year ago. Shoes and other footwear wholesalers, with a sales gain of 26% and a 12% decrease in inventories, recorded a stock-sales ratio of 79 for November this year as against a ratio of 120 for November 1941. Wholesalers of dry goods reported sales up 38%, inventories down 4%, and a stock-sales ratio of 146 compared with 200 a year ago; furniture and house furnishings wholesalers, sales down 16%, inventories down 28%, and a stock-sales ratio of 192 against 223 a year ago.

"Collections on accounts receivable were up almost 25% for November 1942 compared with November 1941, but down 4% compared with October 1942. The collection ratio for November of this year was 91; for November of last year, 73; and October 1942, 95. Accounts receivable were 9% less on Nov. 1, 1942 than on Nov. 1, 1941. Accounts receivable on Nov. 1, 1942, were slightly below those recorded for the beginning of October 1942."

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1942—Week Ended—					
Oct. 3	144,506	133,513	236,208	80	86
Oct. 10	147,437	131,961	248,026	80	86
Oct. 17	152,644	134,197	261,871	79	85
Oct. 24	150,133	136,249	275,139	81	85
Oct. 31	138,423	138,262	272,006	84	85
Nov 7	157,919	138,492	291,780	84	85
Nov. 14	147,815	137,355	301,088	83	85
Nov. 21	146,335	133,188	310,439	83	85
Nov. 28	136,655	124,461	321,885	77	85
Dec 5	150,132	130,761	340,203	82	85
Dec. 12	151,085	137,856	350,011	84	85
Dec. 19	136,363	134,383	350,012	85	85
Dec. 26	118,063	113,600	352,854	72	84
1943—Week Ended—					
Jan. 2	126,844	97,386	379,573	62	84
Jan. 9	134,982	129,365	381,713	82	82

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

December Retail Prices Continue Unchanged, According to Fairchild Publications Index

For the sixth consecutive month retail prices remained unchanged, according to the Fairchild Publications Retail Price Index. The index is 113.1 for Jan. 2, 1943. Although prices are still somewhat higher than last year the spread is gradually narrowing. In comparison with an increase of 5.2% for Dec. 1, 1942, over Dec. 1, 1941, the rise over Jan. 2, 1942, is 4.4%. Prices still remain 27.2% higher than the low of 1939. The announcement further said:

"Only slight movement has been recorded by the major groups. Of the five, three remained at the same level as last month, and the other two showed an increase of 0.1%. For the first time in many months, men's apparel rather than piece goods indicated the greatest rise over last year, and infants' wear the least. The comparison with the 1939 period immediately preceding the outbreak of the European hostilities, shows the greatest increase to be in piece goods, 33.6% and as usual the smallest to be shown by infants' wear, 12.7%.

"All the individual commodities remained unchanged during the month, with the exception of furs and infants' underwear. These both showed an increase of 0.1% since last month. Furs are the only commodity which decreased during the year, 1%. The other items all increased, with men's hose recording the greatest rise, that of 12%, followed by sheets and pillow cases with one of 10.5%. Furniture and women's shoes rose the least, [illegible].1% and 2.2%. Since the 1939 period just before the outbreak of the European war, furs increased 49.8%, followed by a 39.3% rise for cotton wash goods, and one of 39.2% for sheets and pillowcases. Women's shoes advanced 6,8%, the smallest recorded for the period.

"The indications are still that the movement of retail prices will continue to be very slight, according to A. W. Zelomek, economist under whose supervision the index is compiled. There continues to be the possibility of some upward movement as is shown by the slight increases in the individual items. These have been due to the various price regulations which permit adjustment of the ceiling prices."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX

JAN. 3, 1931=100

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	May 1, 1933	Jan. 2, 1942	Oct. 1, 1942	Nov. 1, 1942	Dec. 1, 1942	Jan. 2, 1942
Composite Index	69.4	108.3	113.1	113.1	113.1	113.1
Piece Goods	65.1	105.0	112.3	112.3	112.3	112.2
Men's Apparel	70.7	98.1	105.2	*105.3	105.3	105.3
Women's Apparel	71.8	107.7	112.7	112.6	112.5	112.6
Infants' Wear	76.4	103.7	108.0	108.0	108.0	*108.1
Home Furnishings	70.2	110.2	115.5	115.5	115.5	115.5
Piece Goods						
Silks	57.4	81.3	84.7	84.7	84.7	84.7
Woolens	69.2	101.7	108.1	108.0	108.0	108.0
Cotton Wash Goods	68.6	132.0	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	114.7	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	125.5	135.0	135.0	135.0	135.0
Women's Apparel						
Hosiery	59.2	88.6	94.1	94.1	94.1	94.1
Aprons & House Dresses	75.5	129.5	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	103.2	111.2	111.2	111.2	111.2
Furs	66.8	135.9	135.1	134.6	134.3	134.5
Underwear	69.2	98.8	102.7	102.7	102.7	102.7
Shoes	76.5	90.4	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	96.4	108.0	108.0	108.0	108.0
Underwear	69.6	106.2	114.6	*114.8	114.8	114.8
Shirts & Neckwear	74.3	93.1	99.0	99.0	*99.1	99.1
Hats & Caps	69.7	89.4	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	100.0	*105.9	105.9	105.9	105.9
Shoes	76.3	103.8	109.6	109.6	109.6	109.6
Infants' Wear						
Socks	74.0	107.3	114.5	114.5	114.5	114.5
Underwear	74.3	101.2	103.6	103.6	103.6	*103.7
Shoes	80.9	102.5	105.9	*106.9	106.0	106.0
Furniture	69.4	126.6	129.2	129.2	129.2	129.2
Floor Coverings	79.9	140.7	146.8	146.8	146.8	146.8
Radios	50.6	65.7	66.8	66.8	66.8	66.8
Luggage	60.1	89.7	94.7	94.7	94.7	94.7
Electrical Household Appliances	72.5	96.1	93.5	93.5	93.5	93.5
China	81.5	106.4	110.6	110.6	110.6	110.6

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

*Increases due to application of price ceiling adjustments.

Engineering Construction For Week 36% Below Corresponding 1942 Week

Engineering construction volume for the week, $53,113,000, is 36% below the total for the corresponding 1942 week, and 17% under last week's total as reported by "Engineering News-Record" on Jan. 14. Private volume is 75% lower than a year ago, and 44% under a week ago. Public construction declines 30% from last year, and is 15% below last week as both federal, and state and municipal work decreased.

The current week's total brings 1943 construction to $117,041,000, an average of $58,520,000 for each of the two weeks. On the weekly average basis, the 1943 volume is 37% below that for the three-week period in 1942. Private work is 57% lower, and public construction is down 35% from a year ago, when adjusted for the difference in the number of weeks.

Construction volumes for the 1942 week, last week, and the current week are:

	Jan. 15, 1942	Jan. 7, 1943	Jan. 14, 1943
Total Construction	$83,262,000	$63,928,000	$53,113,000
Private Construction	11,526,000	5,117,000	2,866,000
Public Construction	71,736,000	58,811,000	50,247,000
State and Municipal	14,827,000	6,877,000	420,000
Federal	56,909,000	51,934,000	49,827,000

In the classified construction groups, gains over last week are in sewerage, earthwork and drainage, and unclassified construction. Unclassified construction is the only class of work to report an increase over the 1942 week. Subtotals for the week in each class of construction are: waterworks, $1,075,000; sewerage, $1,027,000; bridges, $133,000; industrial buildings, $776,000; commercial buildings and large-scale private housing, $1,651,000; public buildings, $29,463,000; earthwork and drainage, $521,000; streets and roads, $2,228,000; and unclassified construction, $16,239,000.

New capital for construction purposes for the week totals $154,000, entirely state and municipal bond sales. This compares with $11,005,000 for the corresponding 1942 week.

New construction financing for the year to date, $678,000, compares with $473,692,000 in the opening three weeks of last year.

Non-Ferrous Metals—Record Deliveries Of Copper In December—Magnesium Price Cut

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Jan. 14, stated: "At the request of OPA, the leading producer of magnesium has reduced the price of the metal 2¢ a pound, which fixes the base for ingot at 20½¢. Magnesium production is scheduled to increase to 600,000,000 lb. a year under the war program, WPB reports. The period during which the Metals Reserve Co. will pay premiums on over-quota production of domestic copper, lead, and zinc has been extended one year to July 31, 1945. Excepting the change in the date, the terms remain as previously announced. Antimony supplies are increasing, owing to restrictions on use." The publication further went on to say in part:

Copper

"Deliveries of copper in this country during December were the largest on record. The price situation last week was unchanged, with domestic consumers obtaining copper on the basis of 12¢, Valley. Foreign copper was purchased by Metals Reserve on the basis of 11.75¢, f.a.s.

"The copper situation was pictured by H. O. King, director of the Copper Division of WPB, on Jan. 8 as follows:

"'Recent statements quoted in the press have conveyed the impression that the supply of copper is adequate to meet all military and essential civilian requirements.

"'Widespread acceptance of such statements would constitute a threat to our entire war production program. The supply of copper is not adequate and never will be while this war is on.

"'A number of WPB limitation orders have eliminated the use of copper from thousands of civilian products. The Army and Navy have saved considerable amounts of copper by reducing their requirements wherever possible. A vigorous program of substitution has been carried on.

"'Further, several hundred million dollars are being spent on facilities for new projects to increase primary production, while scrap programs have resulted in the collection of twice the tonnage that was expected at the beginning of 1942.

"'Because some of these efforts have been successful, and have resulted in a reduction of the overall deficit is no reason for the relaxation of restrictions on use, or relaxation of our efforts to acquire every pound of copper wherever it is available.'

Lead

"A subject receiving attention is the supply of antimony. A more liberal antimony order, in the opinion of trade authorities, is fully warranted under present conditions. Easier conditions of sale would aid both lead and antimony.

"Sales of common lead for the last week exceeded those of the week previous. Quotations were unchanged.

Zinc

"Scheduled peak production of slab zinc in the United States was somewhat delayed in 1942 and will not be reached until the second quarter of 1943, according to E. V. Gent, Secretary of the American Zinc Institute. However, total output of zinc for the year was well ahead of 1941.

"The price of Prime Western zinc continues at 8¼¢, St. Louis.

Magnesium

"The Office of Price Administration announced on Jan. 8 that The Dow Chemical Co. has reduced the price of magnesium 2¢ a pound, the lower basis being retroactive to Jan. 1 of the current year. The reduction in price was made at the request of OPA, it was stated in Washington, and the new schedule was made possible by economies in production brought about by the increased volume resulting from the war needs. The revised base price for magnesium ingot is 20½¢ a pound, against the previous quotation of 22½¢. All magnesium alloys have been lowered in price to conform with the new price named for the metal.

Tin

"Tin consumption in the United States will be cut another 12,000 to 15,000 tons in 1943 under an amendment to General Preference Order M-43 issued Jan. 9. Anticipated use of tin this year will drop to about one-half of 1941 consumption. In the amended order the tin content of solder has been reduced from 30% formerly permitted to 20%.

"Banco Minero de Bolivia reports that in some instances the 60¢ settlement basis for tin contained in ore f.o.b. South American port has been raised to 61¼¢ by Metals Reserve to cover inland transport costs.

"The price situation in tin here remains unchanged. Straits quality tin for forward shipment was nominally:

	Jan.	Feb.	March
Jan. 7	52.000	52.000	52.000
Jan. 8	52.000	52.000	52.000
Jan. 9	52.000	52.000	52.000
Jan. 11	52.000	52.000	52.000
Jan. 12	52.000	52.000	52.000
Jan. 13	52.000	52.000	52.000

"Chinese tin, 99% grade, spot or nearby delivery, 51.125¢ all week.

Quicksilver

"Though ceiling prices prevail on most of the nearby business being placed, occasional sales are reported at concessions. Quotations in New York continued at $196@$198 per flask.

Silver

"During the past week the silver market in London has been unchanged at 23½d.

"The New York Official and the U. S. Treasury prices are also unchanged at 44¾¢ and 35¢, respectively."

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

President Sees Need For Constant Rededication

President Roosevelt, in a message to the Federal Council of Churches of Christ in America, supported the Council's designation of the week beginning Jan. 3 as a Universal Week of Prayer, and expressed the hope that it would remind people "of the need for constant rededication." The President's message said:

"The observance of a universal week of prayer, to be carried out under the auspices of the Federal Council of Churches, will, I hope, remind us of the need for constant rededication throughout the long ordeal that is ahead of us. For without spiritual armor we cannot hope to win this war. Without spiritual armor we cannot be worthy of the victory our men are purchasing at a great cost on the battlefield. Without spiritual armor we cannot hope to play an honorable and responsible part in the establishment of world peace."

Craig Will Again Head NY Coffee-Sugar Exchange

William B. Craig has been nominated for President of the New York Coffee and Sugar Exchange, Inc., for 1943. Mr. Craig was first elected to the Presidency in August, 1942, upon the appointment of W. W. Pinney as an officer in the United States Naval Reserve. The Nominating Committee has nominated Frank C. Russell for Vice-President and John C. Gardner for Treasurer.

The following were nominated to serve two years as Members of the Board of Managers: Herbert G. Bell, David M. Keiser, Ody Lamborn, Chandler A. Mackey, Walter W. Voelbel and A. M. Walbridge. J. H. Scholtz, Jr. and D. H. Zelisse have been nominted to serve one year. They were named to serve with Harold L. Bache, John A. Higgons, Jr., P. R. Nelson and M. E. Rionda on the Board of Managers.

A new Nominating Committee was nominated consisting of Eric Lagemann as Chairman, Louis Blumberg, W. F. Prescott, Frank C. Lowry and W. J. Wessels.

Daily Average Crude Oil Production For Week Ended Jan. 9, 1943 Dropped 49,500 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Jan. 9, 1943, was 3,821,100 barrels, a decrease of 49,500 barrels from the previous week and 408,050 barrels per day less than during the corresponding period last year. The current figure is also 303,100 barrels below the daily average figure for the month of January, 1943, as recommended by the Office of Petroleum Administration for War. Daily production for the four weeks ended Jan. 9, 1943, averaged 3,866,950 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,674,000 barrels of crude oil daily and produced 10,810,000 barrels of gasoline; 4,267,000 barrels of distillate fuel oil, and 7,101,000 barrels of residual fuel oil during the week ended Jan. 9, 1943; and had in storage at the end of that week 84,245,000 barrels of gasoline; 41,367,000 barrels of distillate fuels and 72,559,000 barrels of residual fuel oils.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P.A.W. Recommendations January	*State Allowables Beginning Jan. 1	—Actual Production— Week Ended Jan. 9 1943	Change From Previous Week	4 Weeks Ended Jan. 9 1943	Week Ended Jan. 10 1942
Oklahoma	400,600	400,600	†349,800	— 4,200	353,950	401,450
Kansas	310,000	310,000	†265,400	—22,950	288,850	226,650
Nebraska	3,400	------	†2,800	— 50	2,900	5,350
Panhandle Texas			88,300	— 2,200	91,300	91,600
North Texas			136,200	— 2,400	138,650	146,800
West Texas			200,300	— 6,450	206,400	343,800
East Central Texas			101,600	+ 300	101,500	93,300
East Texas			327,600	—23,000	348,850	438,200
Southwest Texas			166,300	—11,200	172,950	255,600
Coastal Texas			308,500	— 2,600	311,700	344,800
Total Texas	1,426,800	‡1,426,843	1,328,800	—47,550	1,371,350	1,714,100
North Louisiana			92,650	— 500	92,150	82,250
Coastal Louisiana			247,100	+24,100	229,000	278,950
Total Louisiana	347,500	359,500	339,750	+23,600	321,150	361,200
Arkansas	78,300	75,564	75,200	+ 200	74,300	72,900
Mississippi	50,000		†64,350	+ 7,500	59,200	75,900
Illinois	272,600		257,850	+ 3,250	246,550	381,050
Indiana	17,200		†17,450	+ 1,750	15,700	21,850
Eastern (Not incl. Ill. & Ind.)	107,600		86,800	— 6,500	88,850	83,700
Michigan	63,700		56,700	— 2,600	58,700	48,900
Wyoming	94,500		84,050	— 1,700	87,750	81,900
Montana	24,700		22,550	----	22,600	20,800
Colorado	7,000		6,250	— 250	6,500	5,300
New Mexico	105,300	105,300	93,350	----	93,350	118,800
Total East of Calif.	3,309,200		3,051,100	—49,500	3,091,800	3,619,850
California	815,000	§815,000	770,000	----	774,150	609,300
Total United States	4,124,200		3,821,100	—49,500	3,866,950	4,229,150

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in October, 1942, as follows: Oklahoma, 30,000; Kansas, 5,200; Texas, 103,700; Louisiana, 20,500; Arkansas, 3,000; Illinois, 10,300; Eastern (not including Illinois and Indiana), 10,400; Michigan, 100; Wyoming, 2,600; Montana, 300; New Mexico, 5,700; California, 42,200.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Jan. 6.

‡This is the net basic allowable as of Jan. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 15 days, the entire state was ordered shut down for 11 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 11 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JAN. 9, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,438	88.2	1,634	67.0	4,758	37,089	20,813	12,027
Appalachian	177	84.8	154	87.0	446	2,764	700	497
Ind., Ill., Ky.	811	85.0	735	90.6	2,413	16,668	5,464	2,426
Okla., Kansas, Mo.	416	80.1	332	79.8	1,134	6,876	1,667	1,415
Rocky Mountain	147	48.0	98	66.7	324	1,658	372	572
California	817	89.9	721	88.2	1,735	19,190	12,351	55,622
Tot. U. S. B. of M. basis Jan. 9, 1943	4,806	85.9	3,885	---	13,340	97,010	47,906	93,651
Tot. U. S. B. of M. basis Jan. 2, 1943	4,806	85.9	3,734	77.7	10,957	82,420	42,913	72,881
U. S. Bur. of Mines basis Jan. 10, 1942	-----	---	3,674	76.4	10,810	†84,245	41,367	72,559

*At the request of the Petroleum Administration for War. †Finished 74,709,000 barrels; unfinished 9,536,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 4,267,000 barrels of gas oil and distillate fuel and 7,101,000 barrels of residual fuel oil produced during the week ended Jan. 9, 1943, which compares with 4,285,000 barrels and 7,683,000 barrels, respectively, in the preceding week and 3,817,000 barrels and 6,640,000 barrels, respectively, in the week ended Jan. 10, 1942.

Wholesale Commodity Prices Advanced 0.2% During Jan. 9 Week, Labor Bureau Reports

The U. S. Department of Labor, Bureau of Labor Statistics' comprehensive index of nearly 900 price series in primary markets again rose slightly during the first week of January as a result of further gains in prices for farm products and foods. With an advance of 0.2%, the all-commodity index reached 101.4% of the 1926 average, nearly 1% above the early December level and the highest point in almost 17 years.

The Labor Bureau's announcement further said:

"**Farm Products and Foods**—Led by an advance of 2% in prices for grains, average prices for farm products rose 0.6%. Quotations for oats were up 3.6%; wheat, 2%; and corn, over 1.5%. Prices of livestock and poultry increased 0.4% as a result of an increase of 3.7% for calves and slightly higher prices for hogs. In addition, higher prices were reported for cotton, hay, fresh milk in the Chicago market, for apples, lemons, and beans. Quoted prices for wool dropped sharply during the week and prices were lower for oranges. Potato prices rose in Portland, Oregon, and Boston markets but were down in the Chicago and New York markets. During the course of the past month average wholesale prices for farm products have advanced 3.7%.

"Prices of foods in primary markets increased 0.2% largely as a result of an appreciable increase in prices for butter and milk. Prices were also higher for flour and for certain fruits and vegetables. The index for cereal products dropped 0.6% because of increases in the scaling weight for bread in some markets, although no changes were reported in prices of the baked loaf. Cheese in the Chicago market dropped 1.5%.

"Average wholesale prices of cattle feed declined 0.8% as lower prices were reported for bran and cottonseed meal.

"**Industrial Commodities**—There were few changes in industrial commodity markets during the week except for higher prices for a few building materials such as plaster, certain types of lumber, and for boxboard, textile soap, and gasoline in the North Texas area, and a fractional decline for rosin."

The Bureau makes the following notation:

"During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered preliminary and subject to such adjustment and revision as required by later and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Dec. 12, 1942 and Jan. 10, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups	1-9 1943	1-2 1943	12-26 1942	12-12 1942	1-10 1942	Percentage changes to Jan. 9, 1943, from— 1-2 1943	12-12 1942	1-10 1942
All commodities	*101.4	*101.2	*101.2	*100.5	95.0	+0.2	+0.9	+ 6.7
Farm products	116.1	115.4	115.2	112.0	98.8	+0.6	+3.7	+17.5
Foods	104.4	104.2	104.6	104.0	92.5	+0.2	+0.4	+12.9
Hides and leather products	118.4	118.4	118.4	118.4	115.7	0	0	+ 2.3
Textile products	96.7	96.7	96.6	96.6	92.4	0	+0.1	+ 4.7
Fuel and lighting materials	80.0	79.9	79.9	80.0	78.9	+0.1	0	+ 1.4
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.5	0	0	+ 0.4
Building materials	110.0	110.0	110.0	110.0	108.9	0	0	+ 1.0
Chemicals and allied products	99.5	99.5	99.5	99.5	95.3	0	0	+ 4.4
Housefurnishing goods	104.1	104.1	104.1	104.1	102.4	0	0	+ 1.7
Miscellaneous commodities	90.4	90.4	90.4	90.3	87.7	0	+0.1	+ 3.1
Raw materials	107.2	106.7	106.6	104.7	94.5	+0.5	+2.4	+13.4
Semimanufactured articles	92.5	92.5	92.4	92.5	91.3	0	0	+ 1.3
Manufactured products	*100.2	*100.1	*100.1	*99.8	96.0	+0.1	+0.4	+ 4.4
All commodities other than farm products	*98.2	*98.2	*98.2	*98.0	94.1	0	+0.2	+ 4.4
All commodities other than farm products and foods	*96.2	*96.2	*96.2	*96.2	94.3	0	0	+ 2.0

*Preliminary.

Cottonseed Receipts In December

On Jan. 13 the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the five months ended with December, 1942 and 1941:

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	Received at mills* Aug. 1 to Dec. 31 1942	1941	Crushed Aug. 1 to Dec. 31 1942	1941	On hand at mills Dec. 31 1942	1941
United States	4,049,431	3,446,607	2,726,984	2,286,477	1,401,218	1,290,659
Alabama	233,266	185,987	174,965	140,402	61,634	56,758
Arizona	47,188	56,952	31,400	43,529	16,179	13,640
Arkansas	444,397	452,846	255,297	259,859	200,975	217,917
California	98,241	109,511	55,224	65,744	44,192	50,252
Georgia	301,621	187,476	255,860	154,345	49,818	52,047
Louisiana	150,094	75,850	131,232	67,044	19,606	9,332
Mississippi	721,522	529,337	396,731	319,021	331,032	214,342
North Carolina	237,460	189,546	164,499	135,766	76,072	63,516
Oklahoma	202,013	212,851	143,090	157,772	63,387	55,611
South Carolina	175,265	83,837	155,029	76,615	20,183	10,230
Tennessee	358,464	383,873	201,930	209,179	165,721	195,362
Texas	946,842	844,692	693,273	581,581	286,524	290,305
All other States	133,058	133,849	68,454	75,620	65,895	61,337

*Does not include 81,928 and 130,529 tons on hand Aug. 1 nor 29,161 and 28,559 tons reshipped for 1942 and 1941 respectively. Does include 3,157 tons destroyed in 1942.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Dec. 31	Shipped out Aug. 1 to Dec. 31	On hand Dec. 31
Crude oil	1942-43	*34,460	840,854	796,972	*157,212
(thousand pounds)	1941-42	29,708	704,522	655,240	169,742
Refined oil	1942-43	†310,191	‡650,337	------	†300,519
(thousand pounds)	1941-42	294,005	516,860	------	315,134
Cake and meal	1942-43	190,100	1,205,051	1,302,479	92,672
(tons)	1941-42	164,444	999,547	783,398	380,593
Hulls	1942-43	44,118	656,097	650,759	49,456
(tons)	1941-42	151,439	572,819	475,777	248,481
Linters	1942-43	43,295	§817,670	638,329	§222,636
(running bales)	1941-42	123,154	663,197	644,239	142,112
Hull fiber	1942-43	229	16,894	15,051	2,072
(500-lb. bales)	1941-42	1,834	17,300	17,408	1,726
Grabbots, motes, &c.	1942-43	23,644	34,026	23,349	34,321
(500-lb. bales)	1941-42	6,183	23,704	15,989	19,898

*Includes 24,484,000 and 83,748,000 pounds held by refining and manufacturing establishments and 2,118,000 and 21,724,000 pounds in transit to refiners and consumers Aug. 1, 1942, and Dec. 31, 1942, respectively.

†Includes 3,620,000 and 4,174,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 1,389,000, and 1,947,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc. Aug. 1, 1942, and Dec. 31, 1942, respectively. Does not include winterized oil.

‡Produced from 695,793,000 pounds of crude oil.

§Total linters produced includes 8,738 bales first cut, 44,196 bales second cut and 764,736 bales mill run. Total held includes 10,960 bales first cut, 11,306 bales second cut and 200,370 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

Arbitration Ass'n To Honor Pink & Bissell

Louis F. Pink, retiring Superintendent of Insurance of the State of New York, and President Justice Pelham St. George Bissell were the guests of honor at a luncheon sponsored by the American Arbitration Association, at the Bankers Club, New York City, on Jan. 7. Among those paying tribute to the guests of honor, and who were speakers at the gathering, were George S. Van Schaick, Vice-President of the New York Life Insurance Co. and New York State Director of the Office of Civilian Defense, and Daniel Mungall, Esq., Assistant U. S. Attorney for the General Accident, Fire & Life Assurance Corp.

The resignation of Mr. Pink from the State Insurance Department to become head of the Group Hospital Plan was noted in our Dec. 24 issue, page 2256.

"Both Superintendent Pink, who has served the state since 1939, in the capacity of Superintendent of Insurance, and President Justice Bissell, who has been identified with the Judiciary since 1934, have been strong proponents of arbitration as a method of settling disputes arising over accident claims," it was stated by Lucius R. Eastman, Chairman of the Board of the American Arbitration Association. On Dec. 27, Mr. Eastman added:

"As a matter of fact, their joint efforts to eliminate congestion within the courts, so that settlement of legitimate accident claims could be expedited through recourse to arbitration, have been instrumental in the growth of the Accident Claims Tribunal of this Association. In retiring from his position with the State, Superintendent Pink leaves an enviable record of progress in the interests of the public, and the American Arbitration Association, joined by prominent insurance executives and members of the Bar Association, is greatly pleased to honor both of these public servants."

Vargas Hopes For 1943 'Decisive Events'

President Getulio Vargas of Brazil, in a New Year's greeting to President Roosevelt, expressed on Jan. 4 the belief and hope that 1943 will be marked by "decisive events," permitting the establishment of the "norms of peace."

The message, handed to the President at a White House conference by Dr. Carlos Martins Pereira e Souza, the Brazilian Ambassador, as given in Washington advices to the New York "Times" said in part:

"Faced by peril our old and most loyal friendship did not weaken. On the contrary, our ties have become even closer and our destinies joined in the battle being waged by the free peoples against the threats of tyranny and slavery.

"For the Brazilians it is a motive of righteous satisfaction to strive for the victory of the great cause, by the side of the Americans, whose heroism, both military and civilian, fills us with admiration. * * *

"As Your Excellency, I believe and hope that the year of 1943 will be marked for the United States, for Brazil and for the continent by decisive events which will permit their statesmen to meet for the grateful work of establishing the norms of peace to which all of us aspire, an enduring peace, free from threats of new wars.

"In sending to you, Mr. President, and through you to the American nation my wishes for happiness throughout the new year, it gives me great pleasure to reaffirm to Your Excellency my great admiration and friendship."

Trading On New York Exchanges

The Securities and Exchange Commission made public Jan. 15 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 2, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan. 2 (in round-lot transactions) totaled 1,384,872 shares, which amount was 12.43% of total transactions on the Exchange of 5,568,570 shares. This compares with member trading during the previous week ended Dec. 26 of 1,080,526 shares, or 13.27% of total trading of 4,066,020 shares. On the New York Curb Exchange, member trading during the week ended Jan. 2 amounted to 359,295 shares, or 13.53% of the total volume of that Exchange of 1,328,300 shares; during the preceding week trading for the account of Curb members of 216,240 shares was 13.26% of total trading of 815,160 shares.

Since we did not publish the figures for the week ended Dec. 19, we are also giving these below. The figures for the week ended Dec. 26 appeared in these columns of Jan. 14, page 200.

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. S. E. Weeks Ending Jan. 2	N. Y. S. E. Weeks Ending Dec. 19	N. Y. Curb. Exch. Weeks Ending Jan. 2	N. Y. Curb. Exch. Weeks Ending Dec. 19
Total number of reports received	956	954	659	658
1. Reports showing transactions as specialists	174	174	91	90
2. Reports showing other transactions initiated on the floor	167	159	29	29
3. Reports showing other transactions initiated off the floor	227	203	88	90
4. Reports showing no transactions	484	516	523	522

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

	Total for Week Jan. 2, '43	†Per Cent	Total for Week Dec. 19, '42	†Per Cent
A. Total Round-Lot Sales:				
Short sales	65,720		86,250	
‡Other sales	5,502,850		5,454,090	
Total sales	5,568,570		5,540,340	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	439,160		425,610	
Short sales	46,170		57,750	
‡Other sales	324,320		337,190	
Total sales	370,490	7.27	394,940	7.41
2. Other transactions initiated on the floor—				
Total purchases	148,310		211,770	
Short sales	5,000		8,800	
‡Other sales	124,190		157,630	
Total sales	129,190	2.49	166,430	3.41
3. Other transactions initiated off the floor—				
Total purchases	156,700		147,735	
Short sales	5,650		11,320	
‡Other sales	135,372		149,444	
Total sales	141,022	2.67	160,764	2.78
4. Total—				
Total purchases	744,170		785,115	
Short sales	56,820		77,870	
‡Other sales	583,882		644,264	
Total sales	640,702	12.43	722,134	13.60

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

	Total for Week Jan. 2, '43	†Per Cent	Total for Week Dec. 19, '42	†Per Cent
A. Total Round-Lot Sales:				
Short sales	7,930		4,655	
‡Other sales	1,320,370		922,455	
Total sales	1,328,300		927,110	
B. Round-Lot Transactions for the Account of Members:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	86,840		67,145	
Short sales	6,905		4,030	
‡Other sales	125,110		89,755	
Total sales	132,015	8.24	93,785	8.68
2. Other transactions initiated on the floor—				
Total purchases	40,350		20,485	
Short sales	200		50	
‡Other sales	28,725		8,790	
Total sales	28,925	2.61	8,840	1.58
3. Other transactions initiated off the floor—				
Total purchases	43,965		35,610	
Short sales	0		425	
‡Other sales	27,200		21,555	
Total sales	27,200	2.68	21,980	3.11
4. Total—				
Total purchases	171,155		123,240	
Short sales	7,105		4,505	
‡Other sales	181,035		120,100	
Total sales	188,140	13.53	124,605	13.37
C. Odd-Lot Transactions for the Account of Specialists—				
Customers' short sales	0		0	
§Customers' other sales	119,207		80,769	
Total purchases	119,207		80,769	
Total sales	37,476		26,161	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

New York Stock Exchange Odd-Lot Trading

The Securities and Exchange Commission has made public a summary for the week ended Jan. 9, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by odd-lot dealers and specialists.

We are also giving below the figures for the week ended Dec. 26, since these were omitted from a previous issue of the "Chronicle." Figures for the intervening week appeared in our Jan. 14 issue, page 200.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended—	Jan. 9, '43	Dec. 26, '42
Odd-lot Sales by Dealers: (Customers' Purchases)		
Number of orders	15,374	14,845
Number of shares	414,930	420,491
Dollar value	14,127,295	14,366,637
Odd-lot Purchases by Dealers: (Customers' Sales)		
Number of orders:		
Customers' short sales	117	79
*Customers' other sales	13,434	20,705
Customers' total sales	13,551	20,784
Number of shares:		
Customers' short sales	4,333	1,873
*Customers' other sales	335,821	564,118
Customers' total sales	340,154	565,991
Dollar value	10,164,742	14,371,840
Round-lot Sales by Dealers:		
Number of shares:		
Short sales	100	280
†Other sales	88,100	223,100
Total sales	88,200	223,380
Round-lot Purchases by Dealers:		
Number of shares	130,370	88,370

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Bankers' Dollar Acceptances Outstanding On December 31 Advanced To $118,039,000

The volume of bankers' dollar acceptances outstanding on Dec. 31 totaled $118,039,00, an increase of $1,972,000 from the Nov. 30 figure, according to the monthly survey by the Acceptance Analysis Unit of the Federal Reserve Bank of New York, issued Jan. 12. This was the first monthly advance in 1942. However, the total amount of acceptances outstanding on Dec. 31 was $76,181,000 below a year ago.

The monthly advance was due mainly to an increase in the volume of acceptances for exports, although the other branches of credit, with the exception of imports and domestic shipments, were also slightly higher than at the end of November. In the year-to-year comparison, all branches of credit were lower.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Dec. 31, 1942	Nov. 30, 1942	Dec. 31, 1941
1 Boston	$21,370,000	$20,223,000	$25,004,000
2 New York	71,729,000	66,732,000	122,496,000
3 Philadelphia	4,897,000	7,043,000	9,924,000
4 Cleveland	1,919,000	2,363,000	3,317,000
5 Richmond	482,000	1,412,000	1,362,000
6 Atlanta	2,133,000	1,689,000	2,379,000
7 Chicago	4,170,000	4,952,000	4,767,000
8 St. Louis	314,000	277,000	665,000
9 Minneapolis	51,000	57,000	115,000
10 Kansas City	------	------	------
11 Dallas	295,000	212,000	2,755,000
12 San Francisco	10,679,000	11,107,000	21,436,000
Grand Total	$118,039,000	$116,067,000	$194,220,000

Increase for month------$1,972,000 Decrease for year------$76,181,000

ACCORDING TO NATURE OF CREDIT

	Dec. 31, 1942	Nov. 30, 1942	Dec. 31, 1941
Imports	$56,637,000	$57,466,000	$116,496,000
Exports	9,124,000	6,404,000	14,639,000
Domestic shipments	11,456,000	12,895,000	11,708,000
Domestic warehouse credits	26,663,000	26,510,000	35,967,000
Dollar exchange	361,000	319,000	4,006,000
Based on goods stored in or shipped between foreign countries	13,798,000	12,473,000	11,404,000

BILLS HELD BY ACCEPTING BANKS

Own Bills-----$59,554,000 Bills of Others-----$33,802,000 Total-----$93,356,000

Increase for month------$3,562,000

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES JAN. 12, 1943

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Dec. 30, 1939:

1940—		1941—		1942—	
Jan. 31	$229,230,000	Jan. 31	$212,777,000	Jan. 31	$197,278,000
Feb. 29	233,015.000	Feb. 28	211.865.000	Feb. 28	190.010.000
Mar. 30	229,705,000	Mar. 31	217,312,000	Mar. 31	182,675,000
Apr. 30	223,305,000	Apr. 30	219,561,000	Apr. 30	177,293,000
May 31	213,685,000	May 31	215,005,000	May 29	173,906,000
June 29	206.149.000	June 30	212.932,000	June 30	162.849.000
July 31	188,350,000	July 31	209,899,000	July 31	156,302,000
Aug. 31	181,813,000	Aug. 30	197,472,000	Aug. 31	139,304,000
Sept. 30	176,614.000	Sept. 30	176.801,000	Sept. 30	123,494,000
Oct. 31	186,786.000	Oct. 31	184.806,000	Oct. 31	118,581.000
Nov. 30	196.683.000	Nov. 29	193,590,000	Nov. 30	116.067.000
Dec. 31	208,659,000	Dec. 31	194,220,000	Dec. 31	118,039,000

Pay On San Paulo Bonds

J. Henry Schroder Banking Corporation as special agent, is notifying holders of State of San Paulo (United States of Brazil) 15-year 8% sinking fund gold bonds external dollar loan of 1921, 25-year 8% secured sinking fund gold bonds external loan of 1925, and 40-year 6% sinking fund gold bonds external dollar loan of 1928 that it has received funds to pay on or after Jan. 7, 15.05% of the face amount of the coupons due July 1, 1940 appertaining to these bonds. Payment will be made in accordance with the provisions of Presidential Decree No. 23829 of Feb. 5, 1934, promulgated by the Federal Government of Brazil, as modified by Decree-Law No. 2085 of Mar. 8, 1940. The amount of payment will be as follows: $6.02 for each $40 coupon with respect to the 8% loan of 1921 and the 8% loan of 1925, and $3.01 for each $20 coupon of these loans; and $4.515 for each $15 coupon, with respect to the 6% loan of 1928. The announcement also states:

"The acceptance of these payments is optional with the holders, but pursuant to the terms of the Decree payment if accepted must be for full payment of the coupons and of claims for interest represented thereby.

"Holders of July 1, 1940 coupons may obtain payment of the amounts prescribed upon presentation and surrender of the coupons for final cancellation at the office of the special agent, 48 Wall Street, New York.

"No present provision has been made for the unpaid interest on coupons which matured prior to Apr. 1, 1934, but holders are advised to hold them for future adjustment."

Feed Wheat Program

The Department of Agriculture announced on Jan. 2 that the Commodity Credit Corporation feed wheat sales program will be continued until further notice on substantially the same basis as in 1942. Prices for January delivery are 1 cent above prices for December delivery, except in a few Corn Belt counties where prices are the same as for December.

The Department's advices continued:

"Officials announced that in an effort to simplify procedure, purchasers will be permitted to certify—prior to the actual sale of the wheat to feeders—that the wheat will be sold as feed; also, that individuals desiring to purchase carloads of wheat direct from the Corporation will not be required to obtain prior approval from county AAA committees. State and county committees will be informed by the CCC of feed wheat shipments into their states and counties.

"Announcement was made also of an increase to 75 cents per bushel in the penalty on all wheat purchased as feed but which is used for other purposes instead. Officials explained that this increase has been necessitated by the rise in market prices of wheat since the feed wheat program was inaugurated in 1942.

"CCC sales of feed wheat, now running about 4,000,000 bushels a week, have practically doubled during the last month. Sales since Jan. 1, 1942 have totaled more than 95,000,000 bushels. Of this total, approximately 60,000,000 bushels has been sold since July 1, 1942 when CCC was authorized by Congress to sell 125,000,000 bushels of wheat for feed during the current fiscal year at 85% of the parity price of corn.

"Government supplies of wheat available under this program now total about 65,000,000 bushels. Officials attribute the recent increase in sales to a wheat and corn price situation favoring the purchase of government-owned wheat by feeders."

Revenue Freight Car Loadings During Week Ended Jan. 9, 1943 Amounted To 716,272 Cars

Loading of revenue freight for the week ended Jan. 9, 1943 totaled 716,272 cars, the Association of American Railroads announced on Jan. 14. This was a decrease below the corresponding week of 1942, of 20,700 cars or 2.8%, but an increase above the same week in 1941, of 4,637 cars or 0.7%.

Loading of revenue frieght for the week of Jan. 9 increased 95,224 cars or 15.3% above the preceding week.

Miscellaneous freight loading totaled 343,106 cars, an increase of 37.400 cars above the preceding week, and an increase of 25,015 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 85,471 cars, an increase of 9,785 cars above the preceding week, but a decrease of 54,373 cars below the corresponding week in 1942.

Coal loading amounted to 156,806 cars, an increase of 22,956 cars above the preceding week, but a decrease of 9,378 cars below the corresponding week in 1942.

Grain and grain products loading totaled 48,362 cars, an increase of 8,474 cars above the preceding week, and an increase of 12,520 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Jan. 9 totaled 33,295 cars, an increase of 6,140 cars above the preceding week, and an increase of 11,438 cars above the corresponding week in 1942.

Live stock loading amounted to 15,556 cars, an increase of 3,984 cars above the preceding week, but a decrease of 383 cars below the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Jan. 9 totaled 11,279 cars, an increase of 2,967 cars above the preceding week, but a decrease of 661 cars below the corresponding week in 1942.

Forest products loading totaled 36,899 cars, an increase of 10,556 cars above the preceding week and an increase of 1,868 cars above the corresponding week in 1942.

Ore loading amounted to 14,737 cars an increase of 1,179 cars above the preceding week, and an increase of 2,919 cars above the corresponding week in 1942.

Coke loading amounted to 15,335 cars, an increase of 890 cars above the preceding week, and an increase of 1,112 cars above the corresponding week in 1942.

All districts reported decreases compared with the corresponding week in 1942, except the Pocohontas and Southwestern, but all districts reported increases above the corresponding week in 1941 except the Eastern, Allegheny and Northwestern.

	1943	1942	1941
Week of Jan. 2	621,048	676,534	614,171
Week of Jan. 9	716,272	736,972	711,635
Total	1,337,320	1,413,506	1,325,806

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 9, 1943. During this period only 51 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED JAN. 9

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	267	508	533	1,203	1,152
Bangor & Aroostock	2,164	2,170	1,699	165	244
Boston & Maine	5,252	7,911	7,846	13,180	11,147
Chicago, Indianapolis & Louisville	1,237	1,316	1,359	1,842	1,923
Central Indiana	42	26	13	51	41
Central Vermont	935	1,413	1,227	1,604	1,957
Delaware & Hudson	5,182	5,029	5,847	10,046	9,177
Delaware, Lackawanna & Western	6,206	7,780	8,816	11,338	8,032
Detroit & Mackinac	285	237	239	107	110
Detroit, Toledo & Ironton	1,761	2,049	2,858	1,295	1,671
Detroit & Toledo Shore Line	269	324	322	2,818	3,398
Erie	10,477	12,904	13,091	15,425	13,257
Grand Trunk Western	3,906	4,617	5,902	7,531	7,108
Lehigh & Hudson River	150	215	176	2,347	2,487
Lehigh & New England	1,710	1,206	1,849	1,337	1,378
Lehigh Valley	7,121	8,687	9,577	11,455	7,166
Maine Central	2,236	3,178	3,206	3,382	3,190
Monongahela	6,139	5,791	4,600	371	449
Montour	2,134	2,052	2,007	18	29
New York Central Lines	41,674	43,472	43,700	50,756	42,367
N. Y., N. H. & Hartford	8,303	12,069	10,623	15,474	13,802
New York, Ontario & Western	1,238	915	1,095	2,356	1,878
New York, Chicago & St. Louis	6,240	5,654	5,837	14,631	12,375
N. Y., Susquehanna & Western	520	515	387	1,528	978
Pittsburgh & Lake Erie	8,303	12,069	10,623	15,474	13,802
Pere Marquette	4,016	4,600	6,019	7,010	5,099
Pittsburg & Shawmut	657	574	608	10	56
Pittsburg, Shawmut & North	293	340	437	292	231
Pittsburgh & West Virginia	638	837	796	3,358	1,926
Rutland	230	516	566	723	960
Wabash	5,298	5,580	5,819	10,768	9,250
Wheeling & Lake Erie	4,914	4,396	3,888	4,951	3,751
Total	138,626	154,082	158,167	204,579	173,656
Allegheny District—					
Akron, Canton & Youngstown	584	558	562	1,088	919
Baltimore & Ohio	34,205	35,774	33,611	23,443	18,707
Bessemer & Lake Erie	2,927	2,583	2,890	1,901	1,474
Buffalo Creek & Gauley	323	251	288	3	7
Cambria & Indiana	1,715	1,828	1,772	7	16
Central R. R. of New Jersey	5,560	6,193	6,448	18,507	13,860
Cornwall	558	463	486	54	44
Cumberland & Pennsylvania	190	286	288	18	31
Ligonier Valley	102	118	136	38	31
Long Island	951	837	646	2,786	2,087
Penn-Reading Seashore Lines	1,411	1,691	1,111	2,300	1,516
Pennsylvania System	65,362	72,482	66,848	55,211	47,489
Reading Co.	12,670	15,261	15,202	24,554	19,975
Union (Pittsburgh)	20,450	19,623	20,185	4,585	3,199
Western Maryland	3,795	4,020	3,861	11,288	7,841
Total	150,803	161,968	154,334	145,783	117,196
Pocahontas District—					
Chesapeake & Ohio	26,155	23,603	21,709	9,194	8,910
Norfolk & Western	20,255	21,592	20,179	5,817	5,306
Virginian	4,560	5,041	4,449	1,924	2,012
Total	50,970	50,236	46,337	16,935	16,228
Southern District—					
Alabama, Tennessee & Northern	284	321	269	255	199
Atl. & W. P.—W. R. R. of Ala.	734	751	768	2,647	1,966
Atlanta, Birmingham & Coast	691	710	727	1,459	967
Atlantic Coast Line	14,855	10,990	11,709	10,344	6,498
Central of Georgia	3,508	4,066	4,087	3,990	3,189
Charleston & Western Carolina	368	385	433	1,318	1,550
Clinchfield	1,624	1,635	1,448	2,944	2,821
Columbus & Greenville	346	202	286	361	281
Durham & Southern	95	184	142	351	607
Florida East Coast	2,268	1,292	1,015	1,464	1,040
Gainesville Midland	33	35	29	78	99
Georgia	1,112	1,087	1,199	3,158	2,085
Georgia & Florida	415	440	370	460	516
Gulf, Mobile & Ohio	3,243	3,584	3,560	4,652	2,959
Illinois Central System	25,095	27,508	23,298	16,106	13,389
Louisville & Nashville	23,441	25,823	24,720	9,254	7,404
Macon, Dublin & Savannah	173	197	118	896	735
Mississippi Central	146	131	131	411	374
Nashville, Chattanooga & St. L.	2,990	2,725	3,029	4,390	3,238
Norfolk Southern	952	949	1,080	1,416	1,088
Piedmont Northern	312	475	453	1,119	1,520
Richmond, Fred. & Potomac	315	407	351	10,585	7,166
Seaboard Air Line	10,691	10,030	9,821	8,907	6,471
Southern System	20,498	22,760	23,315	21,972	18,780
Tennessee Central	528	536	491	794	827
Winston-Salem Southbound	103	116	136	850	769
Total	114,820	117,339	112,985	110,181	86,538
Northwestern District—					
Chicago & North Western	14,014	15,022	15,517	11,738	10,989
Chicago Great Western	2,434	2,472	2,598	2,772	2,907
Chicago, Milw., St. P. & Pac.	19,553	21,053	20,316	9,101	8,341
Chicago, St. Paul, Minn. & Omaha	4,026	4,557	4,167	2,947	3,097
Duluth, Missabe & Iron Range	1,093	1,283	885	202	302
Duluth, South Shore & Atlantic	626	625	620	474	450
Elgin, Joliet & Eastern	7,993	9,157	9,391	9,518	9,118
Ft. Dodge, Des Moines & South	383	387	399	124	172
Great Northern	11,644	11,270	9,842	4,834	3,407
Green Bay & Western	434	573	589	761	661
Lake Superior & Ishpeming	264	258	255	32	57
Minneapolis & St. Louis	1,806	1,728	1,661	1,994	2,142
Minn., St. Paul & S. S. M.	4,522	5,644	5,004	2,812	2,623
Northern Pacific	9,284	9,752	9,288	4,000	3,781
Spokane International	92	62	96	377	290
Spokane, Portland & Seattle	1,317	1,622	1,582	2,745	2,086
Total	79,485	85,465	82,210	54,431	50,423
Central Western District—					
Atch., Top. & Santa Fe System	21,164	20,421	18,060	10,614	7,736
Alton	3,122	3,245	3,170	3,960	2,672
Bingham & Garfield	390	405	484	109	99
Chicago, Burlington & Quincy	16,634	17,288	16,597	9,765	9,059
Chicago & Illinois Midland	2,455	2,841	2,656	772	772
Chicago, Rock Island & Pacific	11,537	10,852	11,225	12,246	9,759
Chicago & Eastern Illinois	2,250	2,802	2,893	5,058	2,751
Colorado & Southern	808	765	757	1,679	1,407
Denver & Rio Grande Western	*3,334	3,927	3,235	*4,506	4,027
Denver & Salt Lake	770	778	755	7	14
Fort Worth & Denver City	1,049	998	907	1,076	953
Illinois Terminal	1,557	2,130	1,792	1,433	1,458
Missouri-Illinois	939	942	845	471	417
Nevada Northern	2,090	1,872	1,849	130	146
North Western Pacific	778	1,021	631	574	451
Peoria & Pekin Union	8	22	30	0	0
Southern Pacific (Pacific)	27,039	26,295	21,986	10,811	8,531
Toledo, Peoria & Western	372	204	452	1,456	158
Union Pacific System	14,804	16,169	14,495	12,816	10,308
Utah	608	618	518	2	8
Western Pacific	2,282	2,235	1,608	2,913	3,686
Total	113,990	115,830	104,945	80,428	64,412
Southwestern District—					
Burlington-Rock Island	668	143	123	196	242
Gulf Coast Lines	5,229	3,270	3,031	2,466	1,911
International-Great Northern	3,434	1,939	1,793	3,294	2,148
Kansas, Oklahoma & Gulf	317	165	203	1,070	1,160
Kansas City Southern	5,116	2,443	2,330	2,315	2,359
Louisiana & Arkansas	3,648	2,120	2,373	2,187	1,595
Litchfield & Madison	240	371	378	938	942
Midland Valley	565	875	736	324	328
Missouri & Arkansas	166	117	88	459	378
Missouri-Kansas-Texas Lines	5,996	4,204	4,219	5,676	2,912
Missouri Pacific	15,351	16,186	15,627	16,229	10,976
Quanah Acme & Pacific	90	96	100	166	166
St. Louis-San Francisco	8,544	7,849	7,982	7,208	5,429
St. Louis Southwestern	3,295	2,489	2,726	5,215	3,344
Texas & New Orleans	10,722	6,448	6,795	4,884	3,948
Texas & Pacific	4,099	3,221	4,012	6,880	4,785
Wichita Falls & Southern	77	101	124	19	32
Weatherford M. W. & N. W.	21	15	17	27	29
Total	67,578	52,052	52,657	59,553	42,684

*Previous week's figure.

Note—Previous year's figures revised.

Bank Debits For Month Of December

As announced on March 30, the Board of Governors of the Federal Reserve System has discontinued the issuance of its weekly "bank debits" press statement and beginning with the month of May has collected figures on a monthly basis from member and nonmember banks in the centers previously included in the weekly bank debits statement. The last weekly report was published on page 1876 of the May 4, 1942, issue of the "Chronicle."

We present below the figures for the month of December:

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Dec. 1942	Dec. 1941	—3 Months Ended— Dec. 1942	Dec. 1941
Boston	3,622	3,237	9,603	8,699
New York	26,011	22,488	64,992	61,014
Philadelphia	3,158	3,248	8,277	8,249
Cleveland	4,779	4,311	12,609	11,202
Richmond	2,550	2,206	7,197	6,150
Atlanta	2,136	1,870	5,888	5,044
Chicago	9,789	8,517	26,467	22,818
St. Louis	1,982	1,807	5,736	5,074
Minneapolis	1,180	1,038	3,319	2,920
Kansas City	2,281	1,792	6,126	4,786
Dallas	1,833	1,573	4,954	4,167
San Francisco	5,668	4,495	15,551	12,404
†Total, 274 centers	64,990	56,582	170,718	152,526
*New York City	23,921	20,598	59,261	55,823
*140 other centers	35,561	31,133	96,228	83,549
†133 other centers	5,508	4,850	15,229	13,154

*Included in the national series covering 141 centers, available beginning in 1919.

†Excluding centers for which figures were not collected by the Board before May, 1942.

WLB Clarifies Wage Order For Govt. Bldg. Industry

Procedure under which wage adjustments for approximately 1,500,000 workers engaged in Governmental war construction projects may be made by the Wage Adjustment Board of the Building Construction Industry was clarified on Dec. 22 by the National War Labor Board in its General Order No. 13A. The WLB also issued on Dec. 22 General Order No. 23, delegating authority to rule on all wage and salary adjustment cases in Alaska to the Territorial Representative of the Wage and Hour and Public Contracts Divisions of the Department of Labor. The representative is Michael J. Haas, with offices at Juneau, Alaska Territory.

The new building industry wage stabilization order of the WLB replaces its General Order No. 13, issued Nov. 14. The new order speeds up procedure by providing that unanimous rulings of the Wage Adjustment Board are to be final and effective immediately, where the old order allowed a seven-day waiting period in which the WLB could intervene.

The announcement further explained:

"Under the new order, decisions in which a member of the Wage Adjustment Board dissents are to become final in seven days unless the dissenting member refers the case to the WLB for review.

"The WLB retains the right of ultimate review of any decision, but any reversal would not be retroactive.

"The new procedure requires that the Wage Adjustment Board make all of its rulings conform to Executive Order No. 9250, to the WLB's Wage Stabilization Policy of Nov. 6 and to all WLB orders and policies in applying the wage formula contained in the wage stabilization agreement.

"Executive Order No. 9250, of Oct. 3, 1942, required that the WLB delegate authority to the Wage Adjustment Board of the Building Construction Industry to continue its wage functions within the provisions of the Order. The Wage Adjustment Board had ben created in the Labor Department under a wage stabilization agreement for the building industry, signed May 22, 1942, by the American Federation of Labor's Building Construction Trades Department and six Governmental agencies: War Department, Navy Department, Maritime Commission, National Housing Administration, Federal Works Agency and Reconstruction Finance Corp.

"The building industry stabilization agreement covers all employees on war construction jobs of the Governmental departments involved, which includes virtually all construction work at present.

"The stabilization agreement of May 22 provided that increases above the July 1, 1942, levels were to be permitted "only where those rates were inadequate because they were fixed at a time so long before July 1, 1942, as to be out of line with the general wage then prevailing; or they were applicable in a locality where changing conditions in the building construction industry require a revision of wage rates or they do not sufficiently take into account any abnormal changes in conditions."

Moody's Daily Commodity Index

Tuesday, Jan. 12	242.8
Wednesday, Jan. 13	243.4
Thursday, Jan. 14	242.8
Friday, Jan. 15	243.2
Saturday, Jan. 16	243.7
Monday, Jan. 18	243.7
Tuesday, Jan. 19	244.3
Two weeks ago, Jan. 5	241.2
Month ago, Dec. 19	238.2
Year ago, Jan. 19	223.6
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, Jan. 19	244.3
Low, Jan. 2	240.2

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the first full week of this month (ended Jan. 9) is estimated at 11,000,000 net tons, a figure slightly below the pre-holiday level in December. Production in the corresponding week of 1942 was estimated at 11,160,000 tons.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Jan. 9 was estimated at 888,000 tons, an increase of 94,000 tons (11.8%) over the preceding week. When compared with the output in the corresponding week of 1942, there was an increase of 61,000 tons, or 7.4%.

The U. S. Bureau of Mines also reports that the estimated production of byproduct coke in the United States for the week ended Jan. 9 showed an increase of 4,500 tons when compared with the week ended Jan. 2. The quantity of coke from beehive ovens increased 25,900 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

(in net tons)

	Week Ended			
Bituminous coal and lignite	†Jan. 9, 1943	Jan. 2, 1943	Jan. 10, 1942	Jan. 9, 1937
Total, including mine fuel	11,000,000	9,300,000	11,160,000	10,947,000
Daily average	1,833,000	1,860,000	1,860,000	1,825,000
*Crude Petroleum—				
Coal equivalent of weekly output	6,121,000	6,200,000	6,774,000	4,994,000

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B. t. u. per barrel of oil and 13,100 B. t. u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Subject to revision.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
	§Jan. 9,	Jan. 2,	Jan. 10,	Jan. 9,	Jan. 10,	Jan. 12,
Penn. anthracite—	1943	1943	1942	1943	1942	1929
*Total incl. colliery fuel	888,000	794,000	827,000	938,000	939,000	2,602,000
†Commercial production	852,000	714,000	¶794,000	900,000	¶901,000	2,415,000
Beehive coke—						
United States total	147,600	121,700	135,500	182,400	206,800	198,500
By-product coke—						
United States total	1,202,800	1,198,300	‡	1,545,200	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Jan.
	Jan. 2,	Dec. 26,	Jan. 3,	Jan. 4,	Jan. 2,	avge.
State—	1943	1942	1942	1941	1937	¶19[illegible]
Alaska	6	6	5	4	3	**
Alabama	325	270	323	296	255	434
Arkansas and Oklahoma	91	70	90	79	59	93
Colorado	165	162	178	165	175	226
Georgia and North Carolina	1	1	1	††	††	**
Illinois	1,222	1,215	1,184	1,054	1,152	2,111
Indiana	465	468	443	457	398	659
Iowa	59	52	58	70	86	140
Kansas and Missouri	156	143	171	154	160	190
Kentucky—Eastern	758	602	656	626	738	607
Kentucky—Western	295	215	254	193	165	240
Maryland	25	25	33	29	38	55
Michigan	7	6	10	9	15	32
Montana (bituminous and lignite)	98	98	87	64	68	82
New Mexico	36	33	30	23	40	73
North and South Dakota (lignite)	72	77	70	66	57	**50
Ohio	457	512	518	448	515	814
Pennsylvania (bituminous)	1,895	1,905	2,575	2,378	2,417	3,402
Tennessee	122	98	127	111	96	133
Texas (bituminous and lignite)	7	9	5	7	13	26
Utah	116	99	109	88	85	109
Virginia	342	267	352	288	247	211
Washington	40	41	46	32	42	74
*West Virginia—Southern	1,667	1,402	1,892	1,561	1,602	1,134
†West Virginia—Northern	688	620	731	617	591	762
Wyoming	185	173	156	137	123	186
‡Other Western States	††	1	††	††	1	**7
Total bituminous and lignite	9,300	8,570	10,104	8,956	9,141	11,850
§Pennsylvania anthracite	794	774	728	843	870	1,968
Total all coal	10,094	9,344	10,832	9,799	10,011	13,818

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Retail Food Costs Advanced 1.2% Between Mid-Nov. & Mid-Dec., Labor Dept. Reports

The average family paid 1.2% more for food on Dec. 15 than on Nov. 17, Secretary of Labor Perkins reported on Jan. 13. "The amount of increase over the month was the same as that shown between mid-October and mid-November," she said. "Higher prices of uncontrolled fresh fruits and vegetables were again chiefly responsible for the rise. The prices of foods not under direct control by OPA rose 7%, while the average for controlled foods advanced 0.5%.

"The following table shows the percentage change from November to December and May to December for foods controlled by OPA and those not under direct OPA control.

	Percentage Increase	
Group—	Nov. 17 to Dec. 15	May 12 to Dec. 15
ALL FOODS	1.2	9.1
Under control by OPA on Dec. 15	0.5	6.9
Under control on May 18	0.4	1.2
Placed under control since May 18	0.8	17.5
Not under control by OPA on Dec. 15	7.0	29.8

The Labor Department's announcement Jan. 13 further stated:

"**Uncontrolled Foods:** Eight of the nine uncontrolled foods included in the Bureau's food cost index showed price increases over the month. A decrease was recorded for fresh green beans (3.4%), which usually rise rapidly at this season. The usual seasonal increases were reported for cabbage, carrots, spinach, sweet potatoes, and apples. Lettuce rose contra-seasonally by 7%. The Department of Agriculture reported increases for fresh fruits and vegetables in prices paid to farmers over the same period. Other uncontrolled foods showing advances were peanut butter, 2.8%, and fresh fish, 3.6%. Uncontrolled foods represent approximately 10% of the family food bill, but short supplies for many of the important foods have caused an increase in the relative importance of some of the uncontrolled foods available.

"**Controlled Foods:** Increases between Nov. 17 and Dec. 15 were reported for 33 foods whose prices are under direct control by the OPA. A number of adjustments in ceilings were made at the various levels of distribution, both locally and nationally, and these adjustments are reflected in the prices. The index for all fruits and vegetables combined rose 3.6% as minor increases were reported for the canned and dried products, and advances occurred for bananas, potatoes, and onions. Prices of oranges and grapefruit are somewhat lower than in November.

"The cost of meats rose 1% over the 4-week period. Beef, veal, and pork advanced moderately, roasting chickens rose 1%, and lamb 1.3%. Local shortages were reported for most meats, but supplies of fresh fish and poultry were said to be adequate. Dairy products, eggs, fats and oils, and sugar showed slight increases. The short supply of butter was reflected by small advances in 41 of the 51 cities included in the index. Contrary to the usual seasonal decline, eggs advanced slightly. Lard prices, on which there are fixed percentage mark-up ceilings at wholesale and retail, rose 2.2% as the result of adjustments at the processors' level. Other shortening remained fairly stable.

"Cereals and bakery products, as a group, remained unchanged with slight advances for flour, macaroni, corn meal, and soda crackers, and a decline reported for vanilla cookies. Tea prices advanced slightly, but coffee prices declined after the introduction of rationing.

"The Bureau's food cost index for Dec. 15 stood at 132.7% of the 1935-39 average, 9% above May, 1942, 17% above a year ago and 42% above August, 1939. All cities surveyed, except Chicago showed an increase between mid-November and mid-December. The greatest increases were reported for St. Louis, Jacksonville, Rochester, and New Haven, where there were greater-than-average increases for fruits and vegetables and in Rochester an advance of one cent per quart was authorized for milk. In Chicago prices of fruits and vegetables declined 1.6%, and the index for all foods showed no change over the month. Food costs in all 51 cities are well above the average for a year ago."

Index numbers of food costs by commodity groups for Dec. 15 Nov. 17, Oct. 13, May 12, and March 17, 1942, Dec. 16, 1941, and Aug. 15, 1939, are shown below:

INDEXES OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS

(Five-Year Average 1935-39 = 100)

Commodity Group	Dec. 15 1942*	Nov. 17 1942	Oct. 13 1942	May 12 1942	Mar. 17 1942	Dec. 16 1941	Aug. 15 1939
ALL FOODS	132.7	131.1	129.6	121.6	118.6	113.1	93.5
Cereals and bakery products	105.7	105.7	105.7	105.2	104.8	102.5	93.4
Meats	133.2	131.9	131.2	124.3	120.5	111.1	95.7
Beef and veal	127.5	126.6	126.5	124.1	119.7	114.4	99.6
Pork	125.2	124.8	124.4	123.2	117.5	103.2	88.0
Lamb	135.7	134.0	133.0	118.2	108.7	108.1	98.8
Chickens	134.9	133.5	133.0	133.4	112.2	100.5	94.6
Fish, fresh & canned	183.4	177.9	172.8	150.9	158.9	138.9	99.6
Dairy products	132.3	131.8	131.2	123.3	121.7	120.5	93.1
Eggs	167.2	166.3	164.7	115.4	112.1	138.1	90.7
Fruits & vegetables	146.6	141.5	137.1	128.7	123.4	110.5	92.4
Fresh	151.0	144.6	139.3	130.0	123.7	111.0	92.8
Canned	127.8	†126.8	125.0	122.7	120.8	106.3	91.6
Dried	150.5	149.7	149.9	131.2	127.9	118.3	90.3
Beverages	124.5	124.6	124.1	124.6	119.6	114.1	94.9
Fats and oils	125.3	†124.2	121.2	122.4	116.8	108.5	84.5
Sugar	127.7	127.0	126.9	127.1	128.5	114.4	95.6

*Preliminary. †Revised.

National Fertilizer Association Price Index Still Rising

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Jan. 18, advanced last week for the sixth consecutive time. In the week ended Jan. 16, 1943, this index rose to 133.7 from 133.4 in the preceding week. A month ago the index stood at 131.0 and a year ago at 121.7% of the 1935-1939 average as 100. The Association's report added:

The principal price changes during the week occurred in the farm products index, with six items included in the group advancing and five declining. Due to sharp advances in the past five weeks grain quotations are now 12.6% higher than a month ago. Lower prices for butter and cottonseed meal were responsible for the first decline registered by the food price index in three months. The textile index advanced slightly, due to revisions in OPA cloth ceilings last week. The only other group average to change during the week was the miscellaneous commodities index, which was fractionally lower.

During the week ten price series included in the index advanced and eight declined; in the preceding week there were 12 advances and three declines; in the second preceding week there were seven advances and five declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Jan. 14, 1943	Preceding Week Jan. 9, 1943	Month Ago Dec. 12, 1942	Year Ago Jan. 17, 1942
25.3	Foods	137.3	137.8	134.3	119.7
	Fats and Oils	148.5	150.2	148.8	130.8
	Cottonseed Oil	159.0	164.7	164.7	156.1
23.0	Farm Products	150.8	150.2	143.6	130.4
	Cotton	193.9	193.9	186.3	179.4
	Grains	138.7	132.2	123.2	121.5
	Livestock	147.2	147.5	141.3	122.6
17.3	Fuels	119.3	119.3	119.3	113.0
10.8	Miscellaneous commodities	129.3	129.4	129.1	127.2
8.2	Textiles	150.3	150.1	148.9	145.3
7.1	Metals	104.4	104.4	104.4	104.0
6.1	Building materials	151.4	151.4	151.4	131.8
1.3	Chemicals and drugs	127.6	127.6	127.6	120.1
.3	Fertilizer materials	117.6	117.6	117.5	117.4
.3	Fertilizers	115.3	115.3	115.3	114.0
.3	Farm machinery	104.1	104.1	104.1	103.5
100.0	All groups combined	133.7	133.4	131.0	121.7

*Indexes on 1926-1928 base were Jan. 14, 1943, 104.2; Jan. 9, 1943, 103.9; Jan. 17, 1942, 94.8.

Lumber Movement—Week Ended Jan. 9, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 453 mills reporting to the National Lumber Trade Barometer exceeded production by 6.2% for the week ended Jan. 9, 1943. In the same week, new orders of these mills were 2.2% less than production. Unfilled order files in the reporting mills amounted to 77% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 45 days' production.

Compared to the average corresponding week of 1935-39, production of reporting mills were 41.9% greater; shipments were 31.7% greater, and orders were 7.8% greater.

Lend-Lease For Liberia

The White House announced on Jan. 11 that President Roosevelt has ordered that Liberia be included in the list of countries eligible to receive lend-lease assistance from the United States. The President instructed Edward R. Stettinius, Jr., Lend-Lease Administrator, to arrange for lend-lease aid. An American Expeditionary Force is now stationed in the African nation, according to the United Press.

Cotton Consumption In December

Under date of Jan. 14, 1943, the Census Bureau at Washington issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles for the month of December.

In the month of December, 1942, cotton consumed amounted to 935,511 bales of lint and 108,113 bales of linters, as compared with 913,038 bales of lint and 113,728 bales of linters in November, 1942, and 888,379 bales of lint and 109,945 bales of linters in December, 1941.

For the five months ending with Dec. 31 cotton consumption was 4,712,277 bales of lint and 574,775 bales of linters, against 4,443,185 bales of lint and 620,226 bales of linters in the same five months a year ago.

There were 2,567,188 bales of lint and 503,124 bales of linters on hand in consuming establishments on Dec. 31, 1942, which compares with 2,395,386 bales of lint and 526,559 bales of linters on Dec. 31, 1941.

13,576,030 bales of lint and 84,128 bales of linters were on hand in public storage and at compresses on Dec. 31, 1942, and 13,709,883 bales of lint and 138,378 bales of linters on Dec. 31, 1941.

There were 22,887,072 cotton spindles active during December, 1942, which compares with 23,062,264 active cotton spindles during December, 1941.

King George Hails U.S.

In a New Year's message to President Roosevelt, King George VI. on Jan. 1, expressed gratitude for the American war effort and confidence in final victory. The King's message said:

"At the opening of the new year, so full of promise for the United Nations, I send my warmest wishes to you, Mr. President, personally, to the gallant forces under your command and to all the American people.

"I and my people are deeply appreciative of all that the United States have achieved in the common cause under your inspiring leadership. We feel confident that the recent victories of the United Nations are but forerunners of heavy blows which in the coming year they will together strike at enemies of civilization."

Items About Banks, Trust Companies

(Continued from page 288)

John Harsen Rhoades, retired investment banker, died on Jan. 15 at Doctors Hospital, New York City. Mr. Rhoades, who was 72 years old, retired in 1938 when his firm, Rhoades & Co., was merged with Carl M. Loeb & Co. to form Carl M. Loeb, Rhoades & Co. A native of New York City, Mr. Rhoades was graduated from Harvard University in 1892 and in that same year began his business career with Blake Brothers & Co., investment bankers. In 1898 he became a member of the firm of Rhoades, Richardson & Co., which in 1907 became Rhoades & Co. Mr. Rhoades retired in 1938. Mr. Rhoades was the son of the late John Harsen Rhoades, former President of the Greenwich Savings Bank. In the New York "Sun" of Jan. 15 it was noted that Mr. Rhoades was the author of many poems which found publication in newspapers and magazines, as well as of numerous articles on financial and banking matters. He also was the author of "Random Thoughts of a Man at Fifty," "Church Without Walls," "From the Crow's Nest," and "Jonathan's Apothegms."

At the annual meeting of stockholders of the Lafayette National Bank of Brooklyn in New York held Jan. 12, all the directors were re-elected. George P. Kennedy, President, announces also that the official staff remains unchanged. The surplus was increased from $250,000 to $300,000. The report showed no investment in outside real estate or furniture and fixtures.

At the annual meeting of the trustees of the Warwick Savings Bank, Warwick, N. Y., held January 12, William H. Sayer was elected President and Treasurer to assume the management of the bank. Mr. Sayer is Secretary and Treasurer of the Lehigh and Hudson River Railroad Co. and will resign that position on Feb. 1, ending a 38-year association with the company. He has been a trustee of the Warwick Savings Bank since 1919 and President since 1928. Other officers elected were as follows: Clifford S. Beattie, First Vice-President and Counsel; George H. Strong, Second Vice-President; Howard G. Pierson, Third Vice-President; James M. Bristow, Secretary and nominated trustee; Harold W. Schofield, Assistant Secretary and Assistant Treasurer.

At the meeting of the board of directors of the State Street Trust Co., Boston, on Jan. 18, all oficers were reelected. Benjamin R. Vaughan of the Massachusetts Avenue office, and Almon B. Thorn were promoted to Assistant Vice-Presidents; Loren D. Drinkwater of Cambridge was elected Assistant Trust Officer.

Mr. Drinkwater, a native of Yarmouth, Maine, was graduated from Bowdoin College in 1928. He joined the staff of the bank in October, 1929, working in various departments until 1933, when he entered the trust department, where he has of late years specialized in tax matters.

At the annual meeting of the stockholders of Fidelity Union Trust Co., Newark, N. J., on Jan. 12, Horace K. Corbin, President, reported:

"We, like other banks, have felt the effect of the World War, principally in the large increase in deposits. Deposits on Dec. 31, 1942, were $250,927,234, having increased $54,374,370 during last year." "The net earnings from operations for the year 1942," said Mr. Corbin, "were $1,537,260, which is an increase over the previous year of $287,540, and were approximately the same as 1940. During the year our holdings of U. S. Government securities increased $66,436,752, and we purchased $86,709,000 for the accounts of customers. On Dec. 31, 1942, we owned U. S. Government obligations costing $131,578,429. A percentage group of maturities based on call dates is as follows: Less than five years, 60.4%; five to 10 years, 39.6%. The average maturity of all our Government bonds based on earliest call dates was 3½ years."

Andrew B. Crummy was elected a director to succeed Uzal H. McCarter who has gone into military service. All other directors were reelected.

The Corn Exchange National Bank and Trust Co., Philadelphia, had earnings of $1,081,850 in 1942 after all expenses and reserves for taxes and depreciation, David E. Williams, President of the institution, reported to stockholders at their 84th annual meeing on Jan. 12. The disposition of these earnings was as follows: $455,000 to pay dividends of $2 per share per annum; $207,867 retained through various reserve and undivided profits accounts; $116,351 to reduce the book value of other real estate owned, and $302,632 to reduce the book value of other assets.

Mr. Williams told stockholders that deposits for Dec. 31, 1942, were more than $36,000,000 higher than on Dec. 31, 1941, and that the bank's holdings of U. S. Government bonds increased by over $44,000,000 in 1942.

His report disclosed a substantial increase in foreign service volume and in the earnings from that source and also contained a full account of the bank's participation in the war effort.

Lester F. Widmann of the firm of Widmann & Teah, Inc., a drug chain, with headquarters in Lock Haven, Pa., has been elected President of the First National Bank of that city. Mr. Widmann became associated with the bank a year ago when he was made a Vice-President and director.

The board of directors of the American National Bank, Portsmouth, Va., announces the following promotions of its officers: George R. Parrish, Chairman of the board; Frank D. Lawrence, President; Edward C. Allen, Executive Vice-President; J. Floyd French, Vice-President; Virginia L. Slate, Vice-President; George L. Wonycott, Cashier, and John E. Scott, Richard B. Ames and Maurice Gompf as Assistant Cashiers.

At the annual meeting of the board of directors of the Continental Illinois National Bank & Trust Co. of Chicago held on Jan. 8, the following elections took place:

Lester T. Boe, John F. Mannion, John W. Nichols, Henry R. Platt, Jr., and O. B. Wallace, who were Second Vice-Presidents, were elected Vice-Presidents; John W. Baker, A. Gordon Bradt, Merle G. Glanville, David Handler and Boyd J. Simmons, who were Assistant Cashiers, were advanced to Second Vice-Presidents; Berford Brittain, Jr., Arthur J. Frey, Arthur W. Higby, John P. Hoffmann, John F. McGuire, Jr., Wilhelm R. Mesenbrink, Orion Morris, William G. Olson, Magnus I. Ronning and George Wiersema were elected Assistant Cashiers.

In the trust department, Wayne R. Bennett, who was a Second Vice-President, was elected a Vice-President. Cecil Bronston, Charles E. Clippinger, Bruce H. DeSwarte, Frederick W. Hawley, Jr., Harold P. Smith and James F. Vanek, formerly Assistant Secretaries, were made Trust Officers. Ernest D. Holmes and Victor P. Nelson were elected Assistant Secretaries. Reference to the Dec. 31 statement of condition of the bank was made in our Jan. 14 issue, page 208.

At the annual meeting of the board of directors of The Northern Trust Co. of Chicago, held on Jan. 12, the following official changes were made:

John A. Prosser and Charles B. Petersen were promoted from Second Vice-Presidents to Vice-Presidents of the banking department.

In the bond department, John M. Maxwell was promoted from Second Vice-President and Manager to Vice-President.

Philip L. Burgett was promoted from Manager, credit department, to Second Vice-President and Manager of credit department, and Lyell H. Ritchie from Assistant Cashier to Second Vice-President.

Warren F. Sarle was promoted from Second Vice-President to Second Vice-President and Manager of the bond department, and Edward D. McGrew from Assistant Manager, bond department, to Second Vice-President.

E. LeRoy Hall was promoted from Assistant Comptroller to Second Vice-President and Assistant Comptroller.

J. Mills Easton was promoted from Manager, advertising and publicity, to Second Vice-President in charge of that department.

New appointments are: Laurence M. Rieckhoff, Assistant Manager, bond department; David Marcus and Howard E. Richardson, Assistant Auditors; Edward Bernard, Assistant Cashier, and MacHenry Schafer, director employee relations. All other officers were reelected.

On the preceding day the stockholders reelected all directors.

The First National Bank of Chicago announces the following promotions in its official staff and the election of a number of new officers:

Thomas J. Butler, James P. Feeley and Emerson R. Lewis, Assistant Vice-Presidents, were elected Vice-Presidents.

Harold W. Lewis, Verne L. Bartling, Glenn M. Forgan, Assistant Cashiers, and J. T. Keckeisen, Assistant Secretary, were promoted to Assistant Vice-Presidents.

Howard S. Alsip, Edward Decker, Alfred E. Langenbach and Darragh Louderback were made Assistant Cashiers.

Horace C. Condit and Rollin B. Mansfield were appointed Assistant Trust Officers.

The board of directors of the Industrial National Bank of Chicago have made the following changes in the official roster:

English Walling, Vice-President, formerly Secretary; Frank G. Anger, Vice-President, formerly Assistant Secretary; Robert N. Vieracker, Cashier, formerly Auditor; Muriel M. Hanna, Assistant Cashier, formerly Assistant Secretary; Howell E. Hammer, Assistant Cashier, formerly Manager, savings department; Joseph W. Mahoney, Assistant Cashier, formerly Manager, division of accounts; William B. Shapiro, Assistant Cashier, formerly Manager, insurance finance department.

It was announced on Jan. 13 that Cal Sivright, President of the Oliver Farm Equipment Co., was elected a director of the American National Bank and Trust Co. of Chicago at the bank's annual meeting. All other directors were reelected. Louis W. Fischer, former Assistant Vice-President, was elected a Vice-President at the directors' meeting, and Harold F. Koenig, former Chief Clerk in the trust department, was elected Assistant Trust Officer.

Albert W. Harris, dean of Chicago bankers, resigned on Jan. 13 as Chairman of the Board of the Harris Trust and Savings Bank, at the annual meeting of the bank's board of directors. Mr. Harris, who is 75 years old, will continue as a member of the board, but will take a less active part in the affairs of the bank, which he has headed since 1913, when he became President. The board elected Howard W. Fenton, President of the bank since 1923, as Chairman to succeed Mr. Harris and filled a number of other key positions.

Frank R. Elliott, Vice-President since 1919, was elected President; Frank McNair, Vice-President since 1920, was elected Executive Vice-President, and Stanley G. Harris, Vice-President since 1934, was made Chairman of the Executive Committee.

From the Chicago "Tribune" advices we quote further:

"M. H. McLean, Vice-President for many years and a brother-in-law of A. W. Harris, resigned.

"The board also announced the following changes in personnel:

"Max C. Greigg and Vincent Yager, formerly Assistant Vice-Presidents, were elected Vice-Presidents, and Milton C. Burkhart and Kenneth V. Zweiner, Assistant Cashiers, were elected Assistant Vice-Presidents; Roy M. Frisby, formerly Assistant Secretary, was elected Assistant Cashier. A. Newell Rumpf, Richard H. Wayne and Roy A. Johnson were made Assistant Cashiers. E. J. Altgelt was appointed New York representative. Maurice K. Heald was appointed Assistant Controller and Delbert N. Urick Assistant Auditor.

"All other officers and managers were relected, including officers on leave to serve with the Army and Navy.

"Prior to the directors' meeting, the stockholders held their annual meeting, at which only routine business was handled. All directors were reelected.

"A. W. Harris retired at his own request as Chairman. Born in Cincinnati in 1867, he was one of the last of the group of bankers which brought fame to Chicago banks several decades ago. He entered the employ of N. W. Harris & Co., predecessor to the Harris Bank, in 1888.

"Mr. Fenton was born in Indianapolis in 1877. He started work with N. W. Harris Co. in 1895 and continued with the successor company.

"Mr. Elliott, the new President, who has been with the bank 42 years, represents the fourth generation of a family active in banking. He was born in Jacksonville, Ill., in 1878.

"Mr. McNair was born in Greenvillage, Pa., and since 1903 has been identified with the Harris organization.

"Stanley G. Harris began with the Harris organization as a messenger in 1912 and in 1930 was elected a director."

At a meeting of the board of directors of the Chicago Title and Trust Co. of Chicago, held Jan. 13, all officers were reelected for the ensuing year.

The Atlantic National Bank of Jacksonville (Fla.) in its statement of conditions as of Dec. 31, 1942, shows that during 1942 deposits and resources reached new all-time highs. Total resources on Dec. 31, 1942, were $97,246,200, compared with $79,186,539 at the end of 1941, and deposits amounted to $92,188,611 (excluding interbank deposits of $1,972,690), against $74,280,191 on Dec. 31, 1941. The principal items comprising the assets were: loans and discounts, $15,046,317 (compared with $16,713,616); U. S. Government obligations, $41,696,596 (against $21,864,738); obligations of Federal Agencies, $1,034,376 (compared with $1,418,868); other marketable bonds, $2,615,423 (against $2,814,887), and cash and due from banks, $35,376,450 (compared with $34,883,519). The bank's capital is unchanged from a year ago, $3,000,000, but surplus and undivided profits have increased to $1,407,994 from $1,332,500 at the close of 1941.

In his report to stockholders on Jan. 12, J. W. Shands, President, said that there was a very substantial increase in all the business handled by the bank during the past year, resulting in one of the institution's most satisfactory years of its 40-year history. Mr. Shands announced that the bank has been appointed by the Treasury Department as depositary and financial agent of the Government to establish facilities at Camp Blanding (Fla.) and is now engaged in establishing the office for the accommodation of the military and civilian personnel and organization at that station.

J. A. Cranford, a Vice-President of the bank, and M. J. Foley, President of Brooks-Scanlon Corp., and Vice-President and Treasurer of the Foley Lumber Co., were added to the board of directors. The new directors are sons of former directors of the bank.

G. W. Frazier, a Vice-President of the bank, was also appointed Trust Officer and C. B. Outen was promoted to Assistant Cashier.

Stockholders of Bank of America at their annual meeting in San Francisco on Jan. 12 received from President L. M. Giannini a report covering a year of banking service under war conditions. With California industrial and business activity rising to record heights, Mr. Giannini reported, the bank was called upon to handle a vastly larger volume of business in 1942. The bank availed itself of every opportunity to participate in financing the war, while maintaining a liquid position, he said. War influences were felt in all fields of credit. War-purpose loans rose sharply, consumer credit demand was in lesser volume, and an increase in defense housing loans exceeded the decrease in other types of real estate loans. Although contending with a rapid increase in deposits, said Mr. Giannini, the bank's outstanding loans equalled 37.12% of deposits as compared with a loan-deposit ratio of 20.03% for all reporting member banks of the Federal Reserve System in 101 cities on Nov, 25, 1942, the latest date for comparative figures.

"During the year," the stockholders were told, "Bank of America assisted both the largest and the smallest borrowers in financing expansion, conversion to war production, repair of irreplaceable equipment, debt consolidation and liquidation on a budget plan, and other necessary adjustments."

The bank's sale of war savings bonds to the public to Dec. 31 amounted to $192,735,000. In addition, approximately $187,000,000 of various issues of Government bonds, tax anticipation notes, etc., were purchased by the public through the bank. This was in addition to the bank's own investment in securities of the U. S. Government and Federal Agencies, which at Dec. 31, 1942, aggregated $1,043,061,000.

The annual statement of condition of the Wells Fargo Bank & Union Trust Co. of San Francisco shows all-time high figures in both deposits and U. S. Government securities held. Deposits totaling $389,812,948 were $50,899,083 in excess of those of Dec. 31, 1941; U. S. Government securities totaling $240,480,957 were up $54,522,454 over the total for the year earlier. Cash also increased from $83,410,889 to $103,759,990. Loans amounting to $45,838,025, compared with $58,227,890 on Dec. 31, 1941. Capital funds of $18,302,255 showed an increase of $289,661 for the year.

The annual meeting of stockholders of the United States National Bank of Portland, Ore., was held on Jan. 12. W. L. J. Davies, Vice-President, was elected to the board of directors.